Listing Particulars, dated September 11, 2012 NOT FOR GENERAL CIRCULATION IN THE UNITED STATES

THIS DOCUMENT CONSISTS OF THE LISTING PARTICULARS (THE ''LISTING PARTICULARS'') IN CONNECTION WITH THE APPLICATION TO HAVE THE NOTES (AS DEFINED BELOW) LISTED ON THE OFFICIAL LIST OF THE LUXEMBOURG STOCK EXCHANGE AND ADMITTED FOR TRADING ON THE EURO MTF MARKET OF THE LUXEMBOURG STOCK EXCHANGE (THE ''LISTING''). THESE LISTING PARTICULARS ARE PROVIDED ONLY FOR THE PURPOSE OF OBTAINING APPROVAL OF ADMISSION OF THE NOTES TO THE OFFICIAL LIST OF THE LUXEMBOURG STOCK EXCHANGE AND ADMISSION FOR TRADING ON THE EURO MTF MARKET OF THE LUXEMBOURG STOCK EXCHANGE AND SHALL NOT BE USED FOR OR DISTRIBUTED FOR ANY OTHER PURPOSE. THESE LISTING PARTICULARS DO NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OF THE NOTES AND THESE LISTING PARTICULARS HAVE NOT BEEN FILED WITH, OR REVIEWED BY, ANY NATIONAL OR LOCAL SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION OR AUTHORITY PASSED UPON THE MERITS, ACCURACY OR ADEQUACY OF THESE LISTING PARTICULARS. ANY REPRESENTATION TO THE CONTRARY MAY BE UNLAWFUL AND MAY BE A CRIMINAL OFFENSE.

€450,000,000 6¼% Senior Secured Notes due 2022
€250,000,000 6¾% Senior Secured Notes due 2024

issued by, but with limited recourse to,

Telenet Finance V Luxembourg S.C.A.

(a corporate partnership limited by shares (société en commandite par actions) under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B164890 for the sole purpose of financing a loan as an additional tranche under a senior credit facility to
TELENET INTERNATIONAL FINANCE S.à r.l.)

Telenet Finance V Luxembourg S.C.A. is a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of the Grand Duchy of Luxembourg (the "Issuer"). All of the ordinary shares of the Issuer are owned directly by Stichting Telenet Finance V Luxembourg, a foundation (*stichting*) established under the laws of The Netherlands (the "Foundation"), and all of the general partnership shares of the Issuer are owned by Telenet Finance V S.à r.l. (the "GP"). The Issuer issued €450 million aggregate principal amount of its 6¼% senior secured notes due 2022 (the "2022 Notes") and €250 million aggregate principal amount of its 6¾% senior secured notes due 2024 (the "2024 Notes" and together with the 2022 Notes, the "Notes") pursuant to the terms of an offering memorandum dated August 13, 2012 (the "Offering Memorandum"). The 2022 Notes will mature on August 15, 2022 and the 2024 Notes will mature on August 15, 2024. The Issuer will pay interest on the Notes semi-annually in cash in arrears on each February 15 and August 15, commencing on February 15, 2013.

The proceeds from the offering of the 2022 Notes were used by the Issuer to fund an additional facility under the Senior Credit Facility (as defined in these Listing Particulars) (the "2022 Finco Loan"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("Telenet International Finance"), as borrower. The proceeds from the offering of the 2024 Notes were used by the Issuer to fund an additional facility under the Senior Credit Facility (the "2024 Finco Loan" and together with the 2022 Finco Loan, the "Finco Loans"), denominated in euro, borrowed by Telenet International Finance, as borrower. Telenet International Finance is an entity wholly owned by Telenet NV. Telenet NV is an entity wholly owned by Telenet Group Holding NV ("Telenet Group Holding"). The obligations of Telenet International Finance under the Finco Loans are guaranteed by Telenet NV only and not by Telenet Group Holdings. The Issuer is dependent upon payments under each of the Finco Loans and related agreements to make payments under the 2022 Notes and 2024 Notes, respectively. The Issuer will apply all payments it receives under each of the Finco Loans and such related agreements, including in respect of principal, premiums, interest and any additional amounts following certain tax events, to make corresponding payments under the Notes, as applicable. Neither Telenet Group Holding nor any of its subsidiaries guarantee or provide credit support to the Issuer with respect to its obligations under the Notes, and therefore the Telenet Group financial statements are included for information purposes only.

The accession agreements related to each of the Finco Loans provide for the payment of certain additional amounts in connection with certain voluntary and mandatory prepayments of the Finco Loans that will enable the Issuer to pay the premiums payable in respect of corresponding redemptions of the Notes, as applicable, as described in "*Description of the Notes–Redemption and Repurchase–Optional Redemption.*" Prior to the earlier of (i) November 16, 2012 and (ii) ten business days following the payment of the bid price to tendering shareholders in the Voluntary Self Tender (as defined in these Listing Particulars), Telenet NV and Telenet International Finance may elect, at their option, one time only on five business days' notice (which notice will be irrevocable), to apply Excess Offering Proceeds (as defined in these Listing Particulars) to prepay the 2022 Finco Loan up to a principal amount of €250 million, provided that, in any event, at least €200 million in principal amount of the 2022 Finco Loan will remain outstanding immediately after such prepayment. Following such optional repayment, the Issuer will redeem a corresponding amount of the 2022 Notes at a redemption price equal to 100% of the principal amount of 2022 Notes redeemed plus accrued and unpaid interest to the date of redemption, as described in "*Description of the Notes–Redemption and Repurchase–Special Optional Redemption.*" Following a change of control as defined in the Senior Credit Facility, Telenet International Finance will be required, at the election of the Majority Lenders under, and as defined in, the Senior Credit Facility, to prepay each of the Finco Loans plus a payment in an amount equal to 1% of the principal amount of each of the Finco Loans, as applicable. Following any such repayment, the Issuer will redeem all of the Notes issued under the indenture governing the Notes at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of redemption. See "*Description of the Notes–Redemption and Repurchase–Redemption upon a Change of Control.*" In the event of certain asset sales, Telenet International Finance may elect, at its option, to (i) offer to prepay a principal amount of the relevant Finco Loan equal to the aggregate principal amount of the applicable Notes tendered in a related asset sale offer to be made by the Issuer (not to exceed the available proceeds from the related asset sale) or (ii) subject to the payment of certain premiums, prepay the Finco Loans pro rata in an aggregate amount equal to the available proceeds from the related asset sale, and, in the case of clauses (i) and (ii), the Issuer will redeem a corresponding amount of the applicable Notes. See "*Description of the Notes–Redemption and Repurchase–Disposal Proceeds.*" Further, the Notes may be redeemed at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. See "*Description of the Notes–Redemption and Repurchase–Redemption for Changes in Withholding Taxes.*" Further, in connection with a Telenet Group Transfer (as defined in these Listing Particulars), subject to the receipt of certain consents of the noteholders, certain Notes may be redeemed, or an offer to redeem certain Notes may be made, at a price equal to 101% of the principal amount of the Notes redeemed plus accrued and unpaid interest to the redemption date.

The Notes are limited recourse obligations of the Issuer. In each case where amounts of principal, interest and other amounts (if any) are stated to be payable in respect of the Notes, the obligation of the Issuer to make any such payment shall constitute the obligation only to account to holders of the Notes for an amount equivalent to sums of principal, interest and other amounts (if any) actually received by or for the account of the Issuer pursuant to the relevant Finco Loan and related agreements between the Issuer and Telenet International Finance and/or Telenet NV, as the case may be. Neither Telenet Group Holding nor any of its subsidiaries will guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes. Other than under the limited circumstances described herein, holders of the Notes will not have a direct claim on the cash flow or assets of Telenet Group Holding or any of its subsidiaries, and neither Telenet Group Holding nor any of its subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of Telenet International Finance to make payments to the Issuer pursuant to the Finco Loans and agreements related thereto.

The Notes are senior obligations of the Issuer. The Notes are secured by, among other things, a first-ranking security interest in all of the ordinary shares and the bank account of the Issuer, a first-ranking security interest in the entire share capital of the GP and a first-ranking security interest over the Issuer's rights to and benefits in the Finco Loans (including all rights of the Issuer as a lender under the Senior Credit Facility (including the guarantees and security granted in respect thereof)). In addition, other than in certain limited circumstances specified herein, holders of the Notes will not have any recourse to the Issuer other than in respect of amounts received by the Issuer under the Senior Credit Facility and the Related Agreements. For a description of the terms of the Notes, see "*Description of the Notes*".

See "Risk Factors" beginning on page 20 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Issuer offered the Notes only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act. For a description of certain restrictions on the transfer of the Notes see "Plan of Distribution" and "Transfer Restrictions".

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, which is not a regulated market (pursuant to the provisions of Directive 2004/39/EC). These Listing Particulars constitute a Prospectus for the purpose of Luxembourg Law dated July 10th, 2005 on Prospectuses for Securities.

The Notes are in registered form in denominations of €100,000 and integral multiples of €1,000 above €100,000. Notes have only been issued in minimum denominations of €100,000 principal amount. The Notes are represented by one or more global Notes that were delivered through Euroclear Bank SA/NV, as operator of the Euroclear System ("Euroclear") and Clearstream Banking *société anonyme* ("Clearstream"), on August 16, 2012. Interests in each global Note are exchangeable for the relevant definitive Notes only in certain limited circumstances. See "*Book-Entry, Delivery and Form*".

Issue Price: 100.000% plus accrued interest from the Issue Date.

Joint lead and book-running managers

J.P. MORGAN **BNP PARIBAS** **Goldman Sachs International**

The date of these Listing Particulars is September 11, 2012

You should rely only on the information contained in these Listing Particulars. Neither the Issuer or Telenet Group Holding nor any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with different information. Neither the Issuer or Telenet Group Holding nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this offer is not permitted. You should not assume that the information contained in these Listing Particulars is accurate at any date other than the date of the Offering Memorandum.

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Neither the Issuer nor Telenet Group Holding, or any of its subsidiaries, has authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in these Listing Particuars. You must not rely on unauthorized information or representations.

These Listing Particulars do not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in these Listing Particuars is current only as of the date of the Offering Memorandum, and may change after that date. For any time after the date of the Offering Memorandum, Telenet Group Holding and its subsidiaries do not represent that their affairs are the same as described or that the information in these Listing Particuars is correct, nor does the Issuer imply those things by delivering these Listing Particuars or selling securities to you. Telenet Group Holding and its subsidiaries will not guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes.

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

IN CONNECTION WITH THIS OFFERING OF NOTES, J.P. MORGAN SECURITIES PLC MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT J.P. MORGAN SECURITIES PLC WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

The Issuer offered the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of these Listing Particuars. Any representation to the contrary is a criminal offense in the United States.

These Listing Particulars are being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to U.S. investors that the Issuer reasonably believes to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized.

These Listing Particulars are for distribution only to persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSM Act")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). These Listing Particulars are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particuars relate is available only to relevant persons and will be engaged in only with relevant persons.

These Listing Particulars have been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC as amended by Directive 2010/73/EU (and as amended from time to time, the "Prospective Directive"), as implemented in member states of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. None of the Issuer, Telenet NV or the Initial Purchasers has authorized, nor does any of them authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of the Notes contemplated in these Listing Particulars.

The Issuer, Telenet NV and Telenet International Finance have prepared these Listing Particulars solely for use for applying to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, and shall not be used for any other purpose without the Issuer's and Telenet NV's prior written consent. These Listing Particulars do not constitute an offer to sell, or a solicitation of an offer to buy, any of the Notes.

You are not to construe the contents of these Listing Particulars as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of Telenet Group Holding and its subsidiaries and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, Telenet NV, Telenet International Finance or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you.

The information contained in these Listing Particulars has been furnished by the Issuer, Telenet NV and Telenet International Finance and other sources the Issuer, Telenet NV and Telenet International Finance believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set out in these Listing Particulars, and nothing contained in these Listing Particulars is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or the future. These Listing Particulars contain summaries, believed by the Issuer, Telenet NV and Telenet International Finance to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by the Issuer and Telenet NV upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes will also be available for inspection at the specified offices of the Principal Paying Agent (as defined in these Listing Particulars). All summaries of the documents contained herein are qualified in their entirety by this reference.

Each of the Issuer (except as noted in the following paragraph), Telenet NV and Telenet International Finance accept responsibility for the information contained in these Listing Particulars pertaining to itself, the Senior Credit Facility and the Note Collateral. Telenet NV accepts responsibility for any information pertaining to Telenet Group Holding, including the consolidated financial statements of Telenet Group Holding, and any information pertaining to its holding companies, subsidiaries or affiliates contained in these Listing Particulars. Telenet NV has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief on the date of the Offering Memorandum that, as of the date of the Offering Memorandum the information contained in these Listing Particulars with regard to Telenet Group Holding, each of its subsidiaries and affiliates, and the Notes is true and accurate in all material respects, that, as of the date of the Offering Memorandum the opinions and intentions expressed in these Listing Particulars are honestly held, and that, as of the date of the Offering Memorandum it is not aware of any other acts the omission of which would make these Listing Particulars or any statement contained herein misleading in any material respect.

The Issuer accepts responsibility for the information contained in these Listing Particulars (except in relation to the information in respect of Telenet Group Holding, each of its subsidiaries and affiliates, for which Telenet NV takes sole responsibility). To the best of the knowledge and belief of each of the Issuer, Telenet NV and Telenet International Finance, as of the date of the Offering Memorandum the information contained in these Listing Particulars for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorized in connection with any offering made pursuant to these Listing Particulars to give any information or to make any representation not contained in these Listing Particulars, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, Telenet NV, Telenet International Finance or the Initial Purchasers.

The distribution of these Listing Particulars and the offer and sale of the Notes may be restricted by law in some jurisdictions. Persons into whose possession these Listing Particulars or any of the Notes come must inform themselves about, and observe, any restrictions on the transfer and exchange of the Notes. See "*Plan of Distribution" and "Transfer Restrictions*".

These Listing Particulars do not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess these Listing Particulars. You must also obtain any consents or approvals that you need in order to purchase any Notes. None of the Issuer, Telenet NV or the Initial Purchasers is responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under "Plan of Distribution" and "Transfer Restrictions." By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of these Listing Particulars. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

U.S. Treasury Department Circular 230 Disclosure

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY INFORMED THAT ANY DISCUSSION HEREIN OF U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DISCUSSION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED. SUCH DESCRIPTION WAS WRITTEN IN CONNECTION WITH THE MARKETING BY THE ISSUER OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYERS' PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in these Listing Particulars under "Transfer Restrictions." The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*." The Notes may not be offered to the public within any jurisdiction. By accepting delivery of these Listing Particulars, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each subscriber for or purchaser of the Notes in the offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

Austria These Listing Particulars have not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither these Listing Particulars nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither these Listing Particulars nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

Belgium The Notes are not offered, directly or indirectly, to the public in Belgium. The Notes are being offered in Belgium to qualified investors only, within the meaning of Article 3, §2, a) and 10 of the Belgian law of June 16, 2006 on the public offering of securities and admission of securities to trading on a regulated market ("Belgian Prospectus Law") and/or on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law. Accordingly, these Listing Particulars have not been and will not be notified to, or approved by, the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) (the "FSMA"). This offering cannot be advertised and these Listing Particulars and any other information, circular, brochure or similar documents may not be distributed, directly or indirectly, in Belgium other than to said qualified investors or, as the case may be, other than on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law.

Germany The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. These Listing Particulars have not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Directive 2003/71/EC and accordingly the Notes may not be offered publicly in Germany.

France These Listing Particulars have not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier and Title I of Book II of the Règlement Général of the Autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D. 411-1 of the *Code of Monétaire et Financier*. Neither these Listing Particulars nor any other offering material may be distributed to the public in France.

Italy No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither these Listing Particulars nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold to any natural persons or to entities other than qualified investors (according to the definition provided for by the Prospectus Directive) either on the primary or on the secondary market.

Grand Duchy of Luxembourg The terms and conditions relating to these Listing Particulars have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither these Listing Particulars nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended.

The Netherlands The Notes (including rights representing an interest in each global note that represents the Notes) may only be offered or sold in The Netherlands to qualified investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Spain This offering has not been registered with the Comisión Nacional del Mercado de Valores and therefore the Notes may not be offered in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act ("*Ley 24/1988, de 28 de julio del Mercado de Valores*") as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 ("*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*").

Switzerland The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. These Listing Particulars do not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

United Kingdom These Listing Particulars are directed solely at persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FMSA) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). These Listing Particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particulars relate is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on these Listing Particulars or any of its contents.

THESE LISTING PARTICULARS CONTAIN IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

Unless otherwise indicated, the historical consolidated financial information presented herein has been prepared in accordance with International Financial Reporting Standards as adopted by the European Commission for use in the European Union ("IFRS").

These Listing Particulars include the condensed consolidated interim financial statements of Telenet Group Holding and its subsidiaries, as of and for the six months ended June 30, 2012, which have been reviewed by KPMG Bedrijfsrevisoren CVBA, and the audited consolidated financial statements of Telenet Group Holding and its subsidiaries, as of and for the years ended December 31, 2011, December 31, 2010 and December 31, 2009, which have been audited by KPMG Bedrijfsrevisoren CVBA (together, the "Telenet Group Financial Statements"). Telenet Group Holding's historical results do not necessarily indicate results that may be expected for any future period. Neither Telenet Group Holding nor any of its subsidiaries guarantee or provide credit support to the Issuer with respect to its obligations under the Notes, and therefore the Telenet Group financial statements are included for information purposes only.

Telenet Group Holding's financial results are reported in euro denominations.

These Listing Particulars contain non-IFRS measures and ratios, including Adjusted EBITDA and Free Cash Flow, that are not required by, or presented in accordance with, IFRS. Telenet presents non-IFRS measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Telenet's operating results as reported under IFRS. Non-IFRS measures and ratios such as Adjusted EBITDA and Free Cash Flow are not measurements of Telenet's performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider Adjusted EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of Telenet's operating performance, (b) cash flows from operating, investing and financing activities as a measure of Telenet's ability to meet Telenet's cash needs or (c) any other measures of performance under generally accepted accounting principles. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of Telenet's results as reported under IFRS. Some of these limitations are:

- it does not reflect Telenet's cash expenditures or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, Telenet's working capital needs;
- it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on Telenet's debts;
- although depreciation, amortization and impairment are non-cash charges, the assets being depreciated and amortized will generally need to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements that would be required for such replacements; and
- some of the exceptional items that Telenet eliminates in calculating Adjusted EBITDA reflect cash payments that were made, or will in the future be made.

Furthermore, Free Cash Flow should not be understood to represent Telenet's ability to fund discretionary amounts, as Telenet has various mandatory and contractual obligations, including debt repayments, which are not deducted to arrive at this amount.

The Issuer was incorporated on November 16, 2011 for the purpose of the offering of the Notes. Consequently, limited historical financial information relating to the Issuer is available, and the financial information included in these Listing Particulars with respect to the Issuer consists of the Issuer's opening balance sheet as of November 16, 2011, the Issuer's balance sheet as of June 30, 2012 and the Issuer's statement of cash flows through June 30, 2012, each of which has been prepared in accordance with the generally accepted accounting principles of Luxembourg ("Luxembourg GAAP") (the "Issuer Financial Statements"). Since its incorporation, no other financial statements of the Issuer have been prepared. The Issuer intends to publish its first annual financial statements in respect of the year ended December 31, 2012. Financial statements will be published by the Issuer on an annual basis and the Issuer will prepare interim half-yearly financial reports and publish them in accordance with applicable law.

As further described under "*General Description of Telenet's Business, the Issuer and the Offering—The Issuer and Consolidation of the Issuer by Telenet*" below, following the issuance of the Notes and the related advance of each of the Finco Loans to Telenet International Finance, the Issuer will be consolidated with Telenet Group Holding and its subsidiaries for the purposes of IFRS.

Unless otherwise indicated, convenience translations into euros have been calculated as of June 30, 2012. Certain amounts and percentages presented herein have been rounded and, accordingly, the sum of amounts presented may not equal the total.

All references in this document to EUR, euro and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended and all references to "U.S.$" or "$" are to U.S. dollars.

Definitions

Unless otherwise stated or unless the context otherwise requires:

"1991 Law" refers to the Belgian law of March 21, 1991 on the reform of certain public economic companies (*Wet betreffende de hervorming van sommige economische overheidsbedrijven/Loi portant réforme de certaines entreprises publiques économiques*).

"1994 Copyright Law" refers to the Belgian law of June 30, 1994 on copyright and neighboring rights (*Wet betreffende het auteursrecht en de naburige rechten/Loi relative au droit d'auteur et aux droits voisins*) (the "1994 Copyright Law").

"2003 BIPT Law" refers to the Belgian law of January 17, 2003 on the statute of the BIPT (*Wet met betrekking tot het statuut van de regulator van de Belgische post- en telecommunicatiesector/Loi relatif au statut du régulateur des secteurs des postes et des télécommunications belges*).

"2012 Law" refers to the Belgian law of July 10, 2012 including various provisions on electronic communication (*Wet houdende diverse bepalingen inzake elektronische communicatie/Loi portant des dispositions diverses en matière de communications électroniques*).

"2022 Notes" refers to the €450 aggregate principal amount of 6¼% Senior Secured Notes due 2022 offered hereby.

"2024 Notes" refers to the €250 aggregate principal amount of 6¾% Senior Secured Notes due 2024 offered hereby.

"Accession Agreements" refers collectively to the Facility U Accession Agreement and the Facility V Accession Agreement.

"Belgium" refers to the Kingdom of Belgium.

"BIPT" refers to the Belgian Institute for Postal Services and Telecommunications (*Belgisch Instituut voor Postdiensten en Telecommunicatie/Institut belge des services postaux et des télécommunications*).

"Clearstream" refers to Clearstream Banking, *société anonyme*.

"Combined Network" refers to Telenet's network in Flanders and parts of Brussels, including both the Telenet Network and the Partner Network.

"CRC" refers to the Belgian Conference of Regulators for the Electronic Communication Sector, which includes the BIPT, the VRM, the CSA and the Medienrat.

"December 31, 2010 Consolidated Financial Statements" refers to Telenet Group Holding's audited consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 and the notes thereto, which have been audited by KPMG Bedrijfsrevisoren CVBA, included in these Listing Particulars.

"December 31, 2011 Consolidated Financial Statements" refers to Telenet Group Holding's audited consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010 and the notes thereto, which have been audited by KPMG Bedrijfsrevisoren CVBA, included in these Listing Particulars.

"Electronic Communications Law" refers to the Belgian law of June 13, 2005 (*Wet betreffende de elektronische communicatie/Loi relative aux communications électroniques*), as amended from time to time and most recently by the 2012 Law.

"EU" refers to the European Union.

"Euroclear" refers to Euroclear Bank S.A./N.V.

"Facility Agreement Obligor" refers to each of Telenet NV and Telenet International Finance in its capacity as obligor under the Senior Credit Facility.

"Facility U" refers to the term loan facility "U" giving effect to the 2022 Finco Loan, under the Senior Credit Facility, between the Issuer as lender and Telenet International Finance as borrower.

"Facility U Accession Agreement" refers to the agreement between, *inter alios* the Issuer, Telenet International Finance and the facility agent and the security agent in respect of the Senior Credit Facility, dated August 16, 2012, pursuant to which the Issuer acceded as a lender under the Senior Credit Facility in relation to Facility U.

"Facility V" refers to the term loan facility "V" giving effect to the 2024 Finco Loan, under the Senior Credit Facility, between the Issuer as lender and Telenet International Finance as borrower.

"Facility V Accession Agreement" refers to the agreement between, *inter alios*, the Issuer, Telenet International Finance and the facility agent and the security agent in respect of the Senior Credit Facility, dated August 16, 2012, pursuant to which the Issuer acceded as a lender under the Senior Credit Facility in relation to Facility V.

"Flanders" refers to the Flemish region of Belgium, excluding Brussels.

"Foundation" refers to Stichting Telenet Finance V Luxembourg, a foundation (*stichting*) established under the laws of The Netherlands, being the limited shareholder of the Issuer.

"FSMA" refers to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*).

"GP" refers to Telenet Finance V S.à r.l., a private limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg.

"General Partner Pledge Agreement" refers to the share pledge agreement dated August 16, 2012, between the Foundation, the GP and the Security Agent, executed in the presence of the GP, pursuant to which the Foundation grants a first ranking security interest in the entire issued share capital of the GP.

"IFRS" refers to International Financial Reporting Standards as adopted by the European Commission for use in the European Union.

"Indenture" refers to the indenture governing the Notes.

"Initial Full-MVNO Agreement" refers to the Full-MVNO agreement entered into between Telenet and Mobistar, dated July 2, 2009 and terminated effective April 27, 2012.

"Initial Purchasers" refers to J.P. Morgan Securities plc, BNP Paribas and Goldman Sachs International.

"Intercreditor Agreement" refers to the intercreditor agreement, as amended, originally entered into on October 10, 2007 among Telenet NV, the original intercompany creditors party thereto, the original subordinated debtors party thereto, the security providers party thereto, ABN Amro Bank N.V., BNP Paribas S.A. and J.P. Morgan plc, as mandated lead arrangers, the financial institutions party thereto as original lenders, The Bank of Nova Scotia, as facility agent, and KBC Bank NV, as security agent.

"Interkabel" refers to Interkabel Vlaanderen CVBA.

"Issue Date" refers to August 16, 2012.

"Issuer" refers to Telenet Finance V Luxembourg S.C.A., *société en commandite par actions*, incorporated under the laws of Luxembourg, with registered address 5, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B164890.

"Issuer Financial Statements" refers to the unaudited opening statement of financial position of the Issuer as of November 16, 2011, the Issuer's statement of financial position as of June 30, 2012 and the Issuer's statement of cash flows through June 30, 2012, each of which has been prepared in accordance with Luxembourg GAAP.

"Issuer Pledge Agreement" refers to the share pledge agreement dated on August 16, 2012, between the Foundation, the Issuer and the Trustee, executed in the presence of the Issuer, pursuant to which the Foundation grants a first ranking security interest in all of the ordinary shares in the Issuer.

"Issuer's Account" refers to the account in which payments from the Finco Loans are deposited or collected for and on behalf of the Issuer.

"June 30, 2012 Condensed Consolidated Interim Financial Statements" refers to Telenet Group Holding's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2012, which have been reviewed by KPMG Bedrijfsrevisoren CVBA, included in these Listing Particulars.

"July 2011 Decision" refers to the July 1, 2011 decision of the CRC concerning the analysis of the broadcasting market in Belgium.

"LGI" refers to Liberty Global, Inc., with or without its consolidated subsidiaries, as the context requires.

"LG Europe" refers to Liberty Global Europe, Inc., with or without its consolidated subsidiaries, as the context requires.

"Liberty Global Consortium" refers to LGI, Binan Investments B.V. and any other subsidiary of LGI holding shares of Telenet Group Holding, from time to time.

"Liquidation Dispreference Shares" refers to the shares of Telenet Group Holding, owned by Interkabel and the Liberty Global Consortium, which are subject to a liquidation dispreferential treatment in the case of a liquidation of Telenet Group Holding, and which can be converted into ordinary shares on the basis of a 1.04-for-1 ratio.

"Luxembourg" refers to the Grand Duchy of Luxembourg.

"Luxembourg GAAP" refers to the generally accepted accounting principles of Luxembourg.

"Listing Agent" refers to The Bank of New York Mellon (Luxembourg) S.A.

"MICs" refers to the mixed intermunicipalities in Belgium. Mixed intermunicipalities, as opposed to PICs, have the private company Electrabel as a partner.

"MVNO" refers to mobile virtual network operator.

"Note Collateral" has the meaning given to such term in "*Description of the Notes*."

"Noteholder" refers to a holder of the Notes.

"Notes" refers collectively to the 2022 Notes and the 2024 Notes.

"Partner Network" refers to the network owned by Interkabel and the PICs, encompassing about one third of Flanders, over which Telenet provides its services based on a long-term emphyteotical lease and long-term usage rights.

"PICs" refers to 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 (Intermedia, Integan, WVEM and PBE).

"Principal Paying Agent" refers to The Bank of New York Mellon acting in its capacity as principal paying agent under the Indenture.

"Registrar" refers to The Bank of New York Mellon (Luxembourg) S.A. acting in its capacity as registrar under the Indenture.

"Related Agreements" refers to the Telenet Service Agreement and the Telenet Fee Letter.

"Renewed Full-MVNO Agreement" refers to the Full-MVNO agreement entered into between Telenet and Mobistar on April 27, 2012, which replaces as of such date the Initial Full-MVNO Agreement.

"SBS" refers to SBS Belgium NV.

"Senior Credit Facility" refers to the Senior Secured Credit Facility Agreement dated August 1, 2007 as amended from time to time, between, *inter alios*, Telenet NV, Telenet International Finance, the obligors listed therein, The Bank of Nova Scotia as facility agent, and KBC Bank NV as security agent.

"Senior Secured Notes" refers to the Telenet Finance Luxembourg Notes, Telenet Finance Luxembourg II Notes, Telenet Finance III Luxembourg Notes and Telenet Finance IV Luxembourg Notes.

"Syndicate Agreement" refers to the shareholders' agreement dated October 14, 2005 entered into between the principal shareholders of Telenet Group Holding at that date and Telenet Group Holding; presently only continuing as between the Liberty Global Consortium and Telenet Group Holding.

"Syndicate Shareholders" refers to the shareholder participants to the Syndicate Agreement, from time to time.

"Tecteo" refers to Tecteo SCRL, the main cable operator in the Walloon Region of Belgium.

"Telenet" or "Telenet Group Holding" refers to Telenet Group Holding NV, with or without its consolidated subsidiaries, as the context requires.

"Telenet Articles of Association" refers to the articles of association of Telenet Group Holding.

"Telenet Belgian Company" refers to each member of the Telenet Group that is organized under the laws of Belgium and has its center of main interests within the meaning of the Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings.

"Telenet Board of Directors" refers to the board of directors of Telenet Group Holding, from time to time.

"Telenet Fee Letter" refers to the fee letter agreement to be entered into between the Issuer, Telenet International Finance and Telenet NV in respect of the payment of certain fees incurred in connection with the offering of the Notes. See "*Description of the Senior Credit Facility and Related Agreement—Description of the Related Agreements*."

"Telenet Finance Luxembourg" refers to Telenet Finance Luxembourg S.C.A., a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of the Grand Duchy of Luxembourg and the issuer of the Telenet Finance Luxembourg Notes.

"Telenet Finance Luxembourg II" refers to Telenet Finance Luxembourg II S.A., a public limited liability company, *société anonyme*, incorporated under the laws of the Grand Duchy of Luxembourg and the issuer of the Telenet Finance Luxembourg II Notes.

"Telenet Finance III Luxembourg" refers to Telenet Finance III Luxembourg S.C.A., a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of the Grand Duchy of Luxembourg and the issuer of the Telenet Finance III Luxembourg Notes.

"Telenet Finance IV Luxembourg" refers to Telenet Finance IV Luxembourg S.C.A., a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of the Grand Duchy of Luxembourg and the issuer of the Telenet Finance IV Luxembourg Notes.

"Telenet Finance Luxembourg Notes" refers to the €500 million aggregate principal amount of 6⅜% senior secured notes due 2020 issued by Telenet Finance Luxembourg.

"Telenet Finance Luxembourg II Notes" refers to the €100 million aggregate principal amount of 5.3% senior secured fixed rate notes due November 15, 2016 issued by Telenet Finance Luxembourg II.

"Telenet Finance III Luxembourg Notes" refers to the €300 million aggregate principal amount of 6⅝% senior secured notes due 2021 issued by Telenet Finance III Luxembourg.

"Telenet Finance IV Luxembourg Notes" refers to the €400 million aggregate principal amount of senior secured floating rate notes due 2021 issued by Telenet Finance IV Luxembourg.

"Telenet Group" refers to Telenet Group Holding NV and its subsidiaries from time to time.

"Telenet Group Financial Statements" refers to the June 30, 2012 Condensed Consolidated Interim Financial Statements, the December 31, 2010 Consolidated Financial Statements and the December 31, 2011 Consolidated Financial Statements.

"Telenet International Finance" refers to Telenet International Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg.

"Telenet Network" refers to Telenet's proprietary network, encompassing parts of Brussels and about two thirds of Flanders.

"Telenet NV" refers to Telenet NV (formerly named "Telenet Bidco NV"), a limited liability company (*naamloze vennootschap/société anonyme*) organized under the laws of Belgium, with or without its subsidiaries, as the context requires.

"Telenet NV Board of Directors" refers to the board of directors of Telenet NV, from time to time.

"Telenet Service Agreement" refers to the service agreement to be entered into between the Issuer, Telenet International Finance and Telenet NV in respect of the payment of certain ongoing costs, expenses and taxes which may be incurred by the Issuer in connection with its entry into and performance of its obligations in connection with the Notes. See "*Description of the Senior Credit Facility and Related Agreements—Description of the Related Agreements*."

"Transfer Agent" refers to The Bank of New York Mellon acting in its capacity as transfer agent under the Indenture.

"Trustee" refers to The Bank of New York Mellon acting in its capacity as trustee under the Indenture.

"U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended.

"U.S. GAAP" refers to generally accepted accounting principles in the United States.

"U.S. Securities Act" refers to the U.S. Securities Act of 1933, as amended.

"VMMa" refers to Vlaamse Media Maatschappij NV.

For an explanation or definition of certain other terms used in these Listing Particulars, see "*Glossary*" starting on page G-1 of these Listing Particulars.

SUBSCRIBER, MARKET AND INDUSTRY DATA

Subscriber Data

Each subscriber to any of Telenet's services is counted as a revenue generating unit ("RGU") for each service subscribed. Thus, a subscriber who receives cable television, broadband internet and telephony services from Telenet (regardless of their number of telephony access lines) would be counted as three RGUs. The subscriber data included in these Listing Particulars, including penetration rates and average monthly subscription revenue earned per average RGU ("ARPU"), are determined by management, are not part of the Telenet Group Financial Statements and have not been audited or otherwise reviewed by an outside auditor, consultant or expert. Telenet defines ARPU per customer relationship as average total recurring revenue (including revenue earned from carriage fees and rental set-top boxes 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.

Market and Industry Data

Telenet operates in an industry in which it is difficult to obtain precise market and industry information. Telenet has generally obtained the market and competitive position data in these Listing Particulars from industry publications and from surveys or studies conducted by third party sources that it believes to be reliable.

However, none of the Issuer, Telenet NV, Telenet International Finance, the Initial Purchasers or any of their respective advisors can verify the accuracy and completeness of such information and none of the Issuer, Telenet NV, Telenet International Finance, the Initial Purchasers or any of their respective advisors has independently verified such market and position data. Telenet NV does, however, accept responsibility for the correct reproduction of this information and, as far as it is aware and is able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In addition, in many cases Telenet has made statements in these Listing Particulars regarding its industry and Telenet's position in the industry based on its experience and its own investigation of market conditions. None of the Issuer, Telenet NV, Telenet International Finance, the Initial Purchasers or any of their respective advisors can assure you that any of these assumptions are accurate or correctly reflect its position in the industry, and none of its internal surveys or information has been verified by independent sources.

EXCHANGE RATE INFORMATION

Telenet presents its consolidated financial statements in euro. Telenet has set forth in the table below, for the periods and dates indicated, certain information regarding the exchange rates between U.S. dollars and the euro based on the market rates at 6:00 p.m. London time. Telenet has provided this exchange rate information solely for your convenience. Neither Telenet nor the Issuer makes any representation that any amount of currencies specified in the table below has been, or could be, converted into the applicable currency at the rates indicated or any other rate. The market rate at 6:00 p.m. London time of the euro on September 6, 2012 was $1.26 = €1.00.

	U.S.$ per €1.00			
	Period Average[1]	High	Low	Period End
Year				
2006	1.26	1.33	1.19	1.32
2007	1.37	1.49	1.29	1.46
2008	1.47	1.60	1.24	1.39
2009	1.39	1.51	1.25	1.43
2010	1.33	1.45	1.20	1.34
2011	1.39	1.49	1.29	1.30
Month				
March 2012	1.32	1.33	1.30	1.33
April 2012	1.32	1.33	1.31	1.32
May 2012	1.28	1.32	1.24	1.24
June 2012	1.25	1.27	1.24	1.27
July 2012	1.23	1.26	1.21	1.23
August 2012	1.24	1.26	1.22	1.26
September 2012 (through September 6, 2012)	1.26	1.26	1.26	1.26

(1) Period Average means the average of the market rates at 6:00 pm London time during the relevant period.

(2) Represents the exchange rate on the last business day of the applicable period.

FORWARD LOOKING STATEMENTS

These Listing Particulars contain "forward-looking statements" as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in these Listing Particulars, including, but without limitation, those regarding Telenet's future financial condition, results of operations and business, Telenet's product, acquisition, disposition and finance strategies, Telenet's capital expenditure priorities, regulatory or technological developments in the market, subscriber growth and retention rates, competitive and economic factors, the maturity of its markets, anticipated cost increases, liquidity, credit risk and target leverage levels. In some cases, you can identify these statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words used in these Listing Particulars.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the control of the Issuer or Telenet. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Telenet's present and future business strategies and the environment in which it operates. The Issuer and Telenet caution readers not to place undue reliance on the statements, which speak only as of the date of the Offering Memorandum, and the Issuer and Telenet expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in its expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, the Issuer or Telenet expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in these Listing Particulars include those described under "Risk Factors".

The following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- Telenet's substantial leverage and debt service obligations;
- Telenet's ability to generate sufficient cash to service its debt and to control and finance its capital expenditures and operations;
- Telenet's ability to raise additional financing;
- risks associated with Telenet's structure, this offering, and Telenet's other indebtedness;
- Telenet's relationship with its shareholders;
- instability in global financial markets, including sovereign debt issues in the euro zone and related fiscal and monetary responses and reforms;
- economic and business conditions and trends in the industries 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;
- 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 qualitative products, equipment, software and services;
- 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;
- 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; and
- other factors discussed in these Listing Particulars.

The broadband communications services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in these Listing Particulars are subject to a significant degree of risk. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of the Offering Memorandum, and the Issuer and Telenet expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in their expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or Telenet or persons acting on their behalf may issue. Telenet does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of the Offering Memorandum.

The Issuer and Telenet disclose important factors that could cause their actual results to differ materially from their expectations in these Listing Particulars. These cautionary statements qualify all forward-looking statements attributable to the Issuer or Telenet or persons acting on their behalf. When Telenet indicates that an event, condition or circumstance could or would have an adverse effect on it, it means to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Finco Loans, which in turn would have an adverse effect on the Issuer's ability to make payments under the Notes.

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144A(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements of the U.S. Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

Neither the Issuer nor Telenet is currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Information*".

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the offering. See "*Tax Considerations*".

TRADEMARKS AND TRADE NAMES

Telenet owns or has rights to certain trademarks or trade names that it uses in conjunction with the operation of its businesses. Each trademark, trade name or service mark of any other company appearing in these listing particulars is the property of its respective holder.

GENERAL DESCRIPTION OF TELENET'S BUSINESS, THE ISSUER AND THE OFFERING

This general description of Telenet's business, the Issuer and the offering highlights selected information contained in these Listing Particulars regarding Telenet, the Issuer and the Notes. The Notes are obligations of the Issuer alone and not of, or guaranteed by, Telenet Group Holding NV, Telenet NV, Telenet International Finance S.à r.l. or any of their respective subsidiaries or affiliates. See "—The Offering". In addition, this general description does not contain all the information you should consider prior to investing in the Notes. You should read the entire Listing Particulars carefully, including the "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of Telenet", the June 30, 2012 Condensed Consolidated Interim Financial Statements, the December 31, 2011 Consolidated Financial Statements, the December 31, 2010 Consolidated Financial Statements and the notes to those financial statements included in these Listing Particulars. Please see page G-1 of these Listing Particulars for a glossary of technical terms used in these Listing Particulars.

Telenet's Business

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. As of 6:00 p.m. London time on August 9, 2012, Telenet's market capitalization amounted to €3,897.0 million.

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 to small and medium-sized businesses throughout Belgium and parts of Luxembourg.

As of June 30, 2012, Telenet had approximately 2,152,200 unique residential subscribers, which represented approximately 75% of the 2,856,300 homes passed by its network. As of June 30, 2012, all of Telenet's approximately 2,152,200 unique residential subscribers subscribed to its basic cable television services, approximately 1,339,200 subscribed to its broadband internet services and approximately 920,200 subscribed to its fixed telephony services. In addition, approximately 68% of its basic cable television subscribers had upgraded from analog to digital television, and approximately 275,400 customers subscribed to its mobile telephony services. For the year ended December 31, 2011, Telenet's total revenue was €1,376.3 million, an approximate 6% increase over the year ended December 31, 2010, and its Adjusted EBITDA was €723.4 million, an approximate 8% increase over the year ended December 31, 2010. For the six months ended June 30, 2012, Telenet's total revenue was €727.0 million, an approximate 9% increase over the six months ended June 30, 2011, and its Adjusted EBITDA was €387.0 million, an approximate 9% increase over the six months ended June 30, 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 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 in the form of bundles, 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 ("Shakes"). 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 ARPU per customer relationship and, in its experience, the reduction of customer churn. For the six months ended June 30, 2012, Telenet's ARPU per customer relationship was €45.1 per month, a €4.1 per month increase over Telenet's ARPU per customer relationship for the six months ended June 30, 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 in 2010 to an average of 500 per node by the end of 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.

Prior to October 2008, Telenet offered all services to the approximately 1,933,100 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 encompassed 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 Vlaanderen CVBA ("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. See "*Description of Telenet's Business—Telenet's Network*" and "*Description of Telenet's Business—PICs Agreement and Interkabel Contribution Deed: Telenet's Usage Rights on the Partner Network*."

Telenet provides the following products and services to its customers:

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 households are passed by the bi-directional HFC network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. As of June 30, 2012, Telenet provided its basic cable television services to all of its approximately 2,152,200 unique residential subscribers, or approximately 75% of homes passed by its network. All of Telenet's basic cable television subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. 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 and other interactive television services. As of June 30, 2012, approximately 1,472,500, or approximately 68%, of Telenet's basic cable television subscribers had activated smart cards, up from approximately 1,262,300, or approximately 57%, of Telenet's basic cable television subscribers as of June 30, 2011. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly.

Digital Television

Prior to 2005, 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 a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on-demand basis and a variety of interactive features. Telenet's full premium interactive digital television offering is available to all subscribers passed by its network. 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 of the Jupiler Pro League on the Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet will be able to broadcast all league matches, including the five remaining matches on a non-exclusive basis, which may drive incremental subscriber growth. As of June 30, 2012, Telenet served approximately 1,472,500 digital television customers, an increase of approximately 17% compared to June 30, 2011. Telenet's digitalization ratio, which measures the total base of digital television customers relative to Telenet's total basic cable television subscriber base, continued to grow, and reached approximately 68% at the end of June 2012 compared to approximately 57% at the end of June 2011.

Broadband Internet

Telenet is the leading provider of residential broadband internet services in Flanders. As of June 30, 2012, Telenet provided its broadband internet services to approximately 1,339,200 subscribers, an increase of approximately 6% compared to June 30, 2011. Through its HFC upgraded network, Telenet offers its residential subscribers a broadband internet service at a downstream data transfer speed 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 that its broadband internet subscriber base is among the most advanced in Europe given that approximately 99% of its total subscriber base enjoyed download speeds of at least 30 Mbps as of June 30, 2012. Furthermore, approximately 27% of Telenet's installed base subscribed to its EuroDocsis 3.0 offering, Fibernet, as of June 30, 2012. Telenet believes that this success clearly demonstrates customers' demand for reliable and high speed broadband connections so they can access the internet through multiple devices simultaneously. 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 leading high speed internet service provider in its footprint with download speeds of up to 120 Mbps. The ISP Monitor Speed Test, which ranks the real speeds of all internet providers in Belgium, confirms Telenet's leading position versus all of its main competitors, including ADSL competitors.

Telephony

Telenet offers its residential subscribers local, national and international long distance fixed-line telephony services, mobile telephony services and a variety of value added features. In Flanders, Telenet believes that it is currently the largest competitor to Belgacom NV/SA ("Belgacom"), the Belgian incumbent, due in part to Telenet's emphasis on customer service and innovative tariff plans. The majority of Telenet's 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. As of June 30, 2012, Telenet provided fixed telephony services to approximately 920,200 subscribers and mobile telephony services to approximately 275,400 subscribers with an active SIM-card. This compared to approximately 847,300 fixed telephony subscribers and approximately 228,100 mobile telephony subscribers with an active SIM-card as of June 30, 2011.

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet initially provided this service through an MVNO partnership with Mobistar NV ("Mobistar"), 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 a broader agreement with Mobistar (the "Initial Full-MVNO Agreement"), 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 mobile network. 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 spectrum in the 900 MHz band and 10 MHz of paired 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 Long-Term Evolution ("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 launch a commercial offer by January 2013 and 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.

Business Services

Under the brand of Telenet for Business, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each business customer. Telenet for Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include 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.

Telenet's Competitive Strengths

Telenet believes that it benefits from the following key strengths which will help it execute its strategy:

Telenet operates in one of Europe's most favorable cable markets and has a large, affluent existing customer base. Telenet's cable network passes approximately 61% of the homes in Belgium and includes the metropolitan centers of Antwerp and Ghent and approximately one-third of Brussels. Telenet believes that Belgium, and in particular the Flanders region in which it operates, is one of Europe's most attractive cable markets due to, among other things, a relatively high population density and cable penetration rate. The population density of Belgium reached 359 inhabitants per square kilometer in 2010, one of the highest in Europe, according to Eurostat data, and is exceeded only by that of The Netherlands and some microstates such as Malta. The most densely inhabited area of the country is located within Flanders, along the Antwerp-Leuven-Brussels-Ghent corridors. Cable operators that operate in urban areas with high population density benefit from easier access to customers and more cost effective network upgrades and maintenance, among other benefits. Furthermore, Belgium is one of the most prosperous countries in Europe, according to Eurostat data, with a GDP per capita of €33,500 in 2011 compared to a European average of €25,100 for the comparable period. As of June 30, 2012, Telenet provided its basic cable television services to all of its approximately 2,152,200 unique residential subscribers, or approximately 75% of homes passed by its network. Telenet believes that its attractive network area and large and affluent existing customer base offer significant potential for it to sell its multiple-play bundles and other services primarily to Telenet's existing basic cable television customer base.

Telenet can offer higher quality television and broadband internet services than its competitors because of its leading, highly-invested cable network. Telenet's HFC cable network allows it to offer digital television and broadband internet services across its network area. These services are highly competitive to the offerings of any of Telenet's competitors. The core of Telenet's network has been fully upgraded to a minimum spectrum bandwidth capacity of 600 MHz, allowing Telenet to offer high-quality, highly-reliable analog and digital video and sophisticated interactive television services available in Telenet's network area. Telenet's network is also EuroDocsis 3.0 enabled and its core fiber network connects to on average 1,400 homes passed through an optical node. The Pulsar node-splitting program, which Telenet started in early 2010, is expected to further reduce the number of homes connected to an optical node towards 500 homes on average by the end of 2015. This allows Telenet to continue to offer its broadband internet subscribers significantly higher speeds across its network area than Telenet's competitors in Telenet's network area can offer over their DSL network.

Telenet has a strong platform to compete in the growing market for triple- or multi-play bundles in its network area. Consumers are increasingly looking to receive all of their media and communications services from one provider at an attractive price in the form of multiple-play bundles. Given the relatively high levels of cable penetration in Telenet's network area and the higher ARPU associated with bundled offerings, Telenet believes that the increasing penetration of triple-play services within Telenet's network area will be one of the primary drivers of its future revenue growth. Approximately 33% of Telenet's customer base at the end of June 2012 was only subscribed to one product and hence Telenet continues to see sound growth opportunities from upselling these remaining single-play subscribers to one of its attractive multiple-play propositions. Furthermore, Telenet believes that it has a platform to capture further growth in the market for triple-play bundles in its network area since it can offer its large basic cable television customer base an attractive combination of interactive digital television, broadband internet and fixed and mobile telephony services.

Strong, stable cash flows and significant operating leverage. Telenet's large customer base and relatively low churn rates provide it with greater visibility of future revenue and recurring cash flows, which have historically proven to be resilient even during periods of challenging economic conditions. Certain of Telenet's cost elements, such as a portion of its network operations, marketing, general and administrative costs, are relatively fixed, which Telenet expects to allow it to generate incremental returns as it grows its business. Telenet increased its Adjusted EBITDA margin from 50.7% in the year ended December 31, 2009 to 52.6% in the year ended December 31, 2011. Telenet managed to keep its Net Total Debt to Consolidated Annualized EBITDA ratio, calculated as set forth in the Senior Credit Facility, broadly stable from 3.1x as of December 31, 2009 to 3.2x as of December 31, 2011 despite €758.8 million of payments related to shareholder disbursements over this period and €5.8 million used for the repurchase of shares under the Share Repurchase Program 2011. For the six months ended June 30, 2012, Telenet realized an Adjusted EBITDA margin of 53.2% and its Net Total Debt to Consolidated Annualized EBITDA ratio remained stable at 3.1x despite €113.4 million of shareholder disbursements paid and €38.8 million spent on share repurchases in the course of the six months ended June 30, 2012. Telenet believes this demonstrates the strong underlying cash generation of its business. Telenet is targeting a long-term Net Total Debt to Consolidated Annualized EBITDA ratio between 3.5x and 4.5x, which Telenet believes provides for an optimal balance between growth and shareholder returns on the one hand and Telenet's ability to access the capital markets on the other hand. Telenet has announced its intention to increase its Net Total Debt to Consolidated Annualized EBITDA ratio to the higher end of this target. See "*—The Transactions*."

Strong brand name and customer base. Telenet is a well-recognized brand in Telenet's franchise area. Telenet has developed its brand through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Third party research commissioned by Telenet indicates that consumers had over 95% aided brand awareness of Telenet as a provider of internet, fixed telephony services and digital television. In addition, third party customer surveys that Telenet commissioned have indicated that customers recognize Telenet for the quality of its products, with one survey of Telenet's internet business reporting a customer satisfaction rate of approximately 90%. Telenet believes that the development of its brand and focus on customer service enables it to sell additional products and value-added services to its existing customers, acquire new customers and retain its existing customer base.

Strong management team with focus on operational excellence. Telenet's management team has extensive experience in managing communications and technology businesses in competitive markets. They have a track record of successfully growing Telenet's 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. Management seeks to promote an environment that supports a dynamic and innovative culture. Telenet's controlling shareholder, LGI, also brings a combination of international telecommunications experience and relationships to Telenet's operations. Telenet's management have also established strong local relationships with the Belgian political and regulatory environment.

Telenet's Strategy

Telenet's strategy is to be the best-in-class and preferred provider of digital television, broadband internet and telephony services while improving its revenue, profitability and cash flow. Telenet aims to accomplish this by continuing to improve the quality of its network and offer cutting-edge technologies and innovative services to its customers. The key components of Telenet's strategy are to:

Drive continued revenue and profit growth by leveraging Telenet's superior products and multiple-play bundles. Telenet has achieved significant growth in its digital television, broadband internet and telephony services and it plans to further increase its subscriber base for these services as well as its multiple-play bundles through product positioning, attractive pricing and strong focus on customer care. Telenet has launched several successful product and marketing initiatives to further increase the uptake of bundles and migrate subscribers to its "Shakes" bundles. As of June 30, 2012, approximately 67% of Telenet's unique residential customers subscribed to its double- or triple-play packages, of which approximately 38% or approximately 818,700 represented triple-play subscribers (representing an increase of 9% compared to June 30, 2011). Telenet will continue to upsell its bundles to its customer base to improve ARPU per customer relationship, reduce customer acquisition costs, lower churn rates and lower maintenance expenses.

Further convert Telenet's analog basic cable television subscriber base to digital television. Telenet continues to convert its analog basic cable television subscriber base to its digital television platform. Subscribers to Telenet's digital television product get access to a much richer high-quality content offering, an extensive VOD library and interactive applications at no additional cost, other than the set-top box which can either be purchased or rented. On average, a subscriber converting from analog basic cable television to digital television increases its ARPU substantially by additional services, including the subscription to additional content packages, such as premium sports and movies, and the usage of VOD and interactive applications. At the end of June 2012, approximately 68% of Telenet's basic cable television subscriber base had upgraded to digital television.

Enhance customer satisfaction and loyalty. Telenet has improved its operations, upgraded various customer care and billing systems and implemented management incentive schemes to enhance customer satisfaction and customer loyalty. Telenet has invested in its customer care function in order to improve satisfaction and retention at all customer touch points. Telenet conducts a monthly independent survey to track its customers' loyalty score ("CLS") by product and customer process. Telenet believes that its investments in customer care and sustained focus on customer satisfaction are important drivers of its ability to maintain its current levels of low churn.

Explore additional growth opportunities. Telenet believes that the business-to-business segment presents a growth opportunity for Telenet, providing Telenet with an opportunity to leverage its existing network and EuroDocsis 3.0 technology to meet the needs of small and medium-sized businesses. Telenet believes that due to its ability to provide telephony and high-speed broadband internet services over its existing cable network, it is well positioned to provide cost effective voice and data services to meet the needs of small and medium-sized enterprises without significant capital investment. Telenet will also continue to explore balanced growth opportunities in mobile broadband and mobile voice in order to enhance and retain its position in the market. Although the mobile voice market is already highly penetrated, Telenet believes that its ability to offer combined fixed and mobile products will become an important differentiator as converged service offerings start to develop. In addition, since the mobile broadband market in Belgium is currently not yet as developed as in other European countries, Telenet believes that its fixed broadband market position should put Telenet in a favorable position to exploit future growth in this market.

Focus on cash flow growth. Telenet believes that it has a solid Adjusted EBITDA margin and cash flow generation profile. Telenet is committed to exploiting growth opportunities and Telenet expects to generate high incremental return on its investments. Telenet believes that the large scale of its existing operations provides it with a platform to invest in new products and services and translate revenue growth into improved profitability and cash flow generation.

Telenet's Controlling Shareholder

Liberty Global, Inc.

LGI is Telenet's controlling shareholder and as of August 10, 2012 held a majority ownership interest in Telenet of 50.04%. LGI is a leading international cable operator offering advanced video, telephone and broadband internet services, with broadband communications networks in 13 countries, principally located in Europe and Chile. As of August 10, 2012, Telenet's free float amounted to 49.19% with its shares trading on the Euronext Brussels Stock Exchange under the ticker symbol TNET.

The Issuer and Consolidation of the Issuer by Telenet

The Issuer was incorporated under the laws of the Grand Duchy of Luxembourg on November 16, 2011, as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. Its share capital is €31,000 divided into 999 ordinary shares without par value (the "Ordinary Shares") and one share without par value allocated to the general partner (the "GP Share"), all of which have been subscribed and fully paid-up. The Ordinary Shares are held by Stichting Telenet Finance V Luxembourg, a foundation (*stichting*) established under the laws of The Netherlands (the "Foundation") and the GP Share is held by Telenet Finance V S.à r.l., a private limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg (the "GP"). None of Telenet Group Holding or any of its subsidiaries has any direct or indirect interest in the Issuer, the Foundation or the GP. The Noteholders will not have a direct claim against the cash flow or assets of any member of the Telenet Group, and no member of the Telenet Group will have any direct obligation to holders of the Notes to pay amounts due under the Notes. The Foundation will, under the Issuer Pledge Agreement and the General Partner Pledge Agreement, grant security over the issued ordinary shares of the Issuer owned by the Foundation and all shares in the GP held by the Foundation in favor of the Trustee for the benefit of the Trustee and the holders of the Notes.

The Issuer has no material business operations and upon completion of this offering will have no material assets other than the Finco Loans advanced in connection with the offering of the Notes and its rights under certain related agreements. The Issuer has not engaged in any business activities or incurred any material liabilities since the date of its incorporation, other than relating to this offering and transactions related thereto. The Issuer is dependent on payments by Telenet International Finance, which payments are guaranteed by Telenet NV, under the 2022 Finco Loan and the 2024 Finco Loan, in order to service its obligations under the 2022 Notes and the 2024 Notes, respectively. The proceeds from the offering of the 2022 Notes and the 2024 Notes were loaned by the Issuer to Telenet International Finance pursuant to the 2022 Finco Loan and the 2024 Finco Loan, respectively. Although Telenet International Finance has no equity or voting interest in the Issuer, the Finco Loans create a variable interest in the Issuer for which Telenet International Finance is the primary beneficiary, as contemplated by IFRS. As such, Telenet International Finance and its parent entities, including Telenet Group Holding, will be required by the provisions of IFRS to consolidate the Issuer following the issuance of the Notes. See "*Risk Factors—Risks Relating to the Notes and the Structure—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the Senior Credit Facility and the Related Agreements*".

Brief Description of the Structure of the Offering

In connection with the offering of the 2022 Notes and the 2024 Notes, the Issuer entered into the Facility U Accession Agreement and the Facility V Accession Agreement, respectively, with Telenet International Finance and the facility agent under the Senior Credit Facility pursuant to which the Issuer made available to Telenet International Finance additional facilities under the Senior Credit Facility in principal amounts equal to the aggregate principal amount of the 2022 Notes and the aggregate principal amount of the 2024 Notes, respectively, issued in the offering. On the Issue Date of the Notes, the Issuer advanced the proceeds of the issuance of the 2022 Notes and the 2024 Notes to Telenet International Finance pursuant to the Facility U Accession Agreement and the Facility V Accession Agreement, respectively. The principal amount of the 2022 Notes and the principal amount of the 2024 Notes, due at maturity, as well as the maturity date, rate of interest and currency, among other things, with respect to the 2022 Notes and the 2024 Notes are substantially identical to the corresponding provisions of the relevant Finco Loan.

The Issuer, as a lender under the Senior Credit Facility (a "Telenet Lender"), is treated the same as all other lenders under that facility and has benefits, rights and protections that are similar to those benefits, rights and protections afforded to other Telenet Lenders. Through the covenants in the Indenture and the security interests over all of the Ordinary Shares of the Issuer, all of the share capital of the GP and the Finco Loans granted to secure the Issuer's obligations under the Notes, the holders of Notes are provided indirectly with the benefits, rights and protections granted to the Issuer as a Telenet Lender, including the benefit of the covenants contained in the Senior Credit Facility and the guarantees and security granted for the benefit of the Telenet Lenders. See "*Description of the Senior Credit Facility and the Related Agreements*". In the case of the ongoing obligations of the Telenet Group and Telenet International Finance under the Senior Credit Facility, the Issuer is treated in the same way as the other Telenet Lenders, with the right to vote as part of the lending group at the direction of the holders of the Notes in accordance with the provisions of the Indenture and to receive principal and interest on the Finco Loans, which it will in turn use to make payments on the Notes, as applicable. For a description of procedures under the Indenture, the Facility U Accession Agreement and the Facility V Accession Agreement regarding voting rights of holders of the Notes with respect to decisions under the Senior Credit Facility, see below under "*Description of the Notes—Amendment, Supplement and Waiver—To the Senior Credit Facility and the Finco Accession Agreement*s".

Under the Senior Credit Facility, to the extent the Telenet Group is in compliance with certain financial ratios, the borrowers under the Senior Credit Facility, at their discretion and without the consent of the Telenet Lenders, are permitted to incur additional pari passu indebtedness pursuant to additional facilities under the Senior Credit Facility, which benefit from the protections provided to all Telenet Lenders. For a further description of the Senior Credit Facility, see "*Description of the Senior Credit Facility and the Related Agreements*". However, the Senior Credit Facility limits the ability of the Telenet Group to directly issue the Notes. As a result, the structure for this offering was created pursuant to which the Issuer loaned the proceeds of this offering of the Notes to Telenet International Finance, thus indirectly affording holders of Notes the ability to participate in the Senior Credit Facility.

The Transactions

Telenet has announced its decision to modify its capital structure and adapt its shareholder remuneration policy. Going forward, Telenet Group Holding intends to increase its Net Total Debt to Consolidated Annualized EBITDA ratio (as defined and calculated in accordance with the Senior Credit Facility definition) to 4.5x, which represents the higher end of its target ratio of between 3.5x to 4.5x. Telenet also intends to implement a shareholder remuneration policy consisting mainly of share repurchases, including through the Voluntary Self Tender (as defined below). Telenet intends to use the proceeds of the Finco Loans that will be funded with the proceeds of the Notes to pay the bid price to tendering shareholders in the Voluntary Self Tender. See also "*Use of Proceeds*".

Voluntary Self Tender

Telenet has announced that, subject to the issuance of the Notes and the absence of any material adverse change in the financial situation or prospects of Telenet or in the financial markets in general, Telenet intends to initiate a share buy-back through a conditional voluntary tender offer for a maximum of 20,673,043 shares, or 18.20% of the share capital of Telenet Group Holding (including treasury shares), at a price of €35.0 per share (the "**Voluntary Self Tender**"). This 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 capital return to be paid on August 31, 2012) effective as of the date of any such distribution. The proceeds of the Finco Loans are expected to be used to fund the Voluntary Self Tender. The Voluntary Self Tender will be conducted under applicable rules and regulations in Belgium, which require, among other things, that cash proceeds sufficient to fund the full amount of the Voluntary Self Tender (which will include the proceeds of the Finco Loans) be held in a blocked (escrow) account for the benefit of the tendering shareholders during the offer period. If any of the conditions to the Voluntary Self Tender are not met, then Telenet may, at its discretion, determine not to proceed with the Voluntary Self Tender. Any conditions to the Voluntary Self Tender must be set out in the prospectus in respect of the Voluntary Self Tender and must be approved by the FSMA.

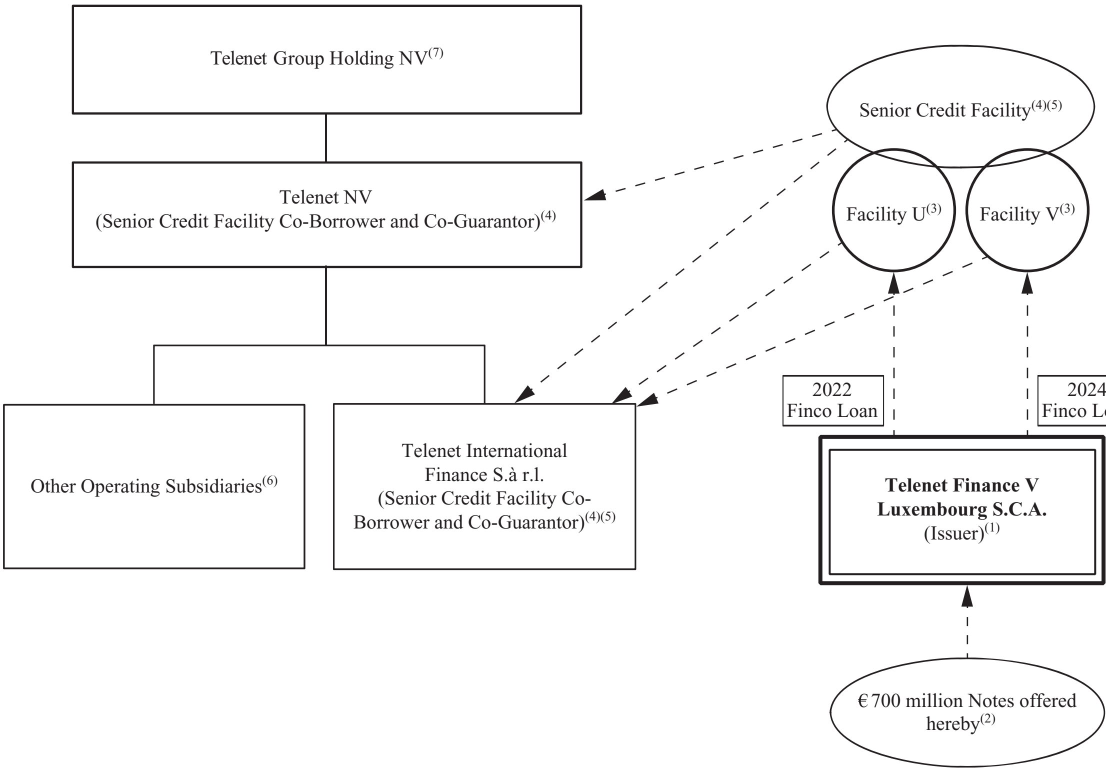
Binan Investments B.V. (a wholly-owned subsidiary of LGI), Telenet's majority shareholder (holding 50.04% as of August 10, 2012), has informed Telenet that, if the proposed Voluntary Self Tender is pursued, it will not tender any shares, but that it reserves its position concerning tendering in possible future repurchase programs of Telenet Group Holding. If the maximum number of shares is tendered, LGI's shareholding in Telenet would increase from 50.04% (as of August 10, 2012) to 61.18% of the share capital of Telenet, including treasury shares and to 61.75% of the share capital of Telenet, excluding treasury shares.

Facility Drawdown and Capital Reduction

On April 26, 2012, Telenet announced its previously approved capital reduction would be paid on August 31, 2012. On August 31, 2012 Telenet intends to draw down on committed Facilities Q2 and R2 in the amounts of €74.0 million and €50.0 million, respectively, and, together with existing cash and cash equivalents, make a payment of €3.25 per share capital reduction in an aggregate amount of €369.2 million (the "**August 2012 Capital Reduction**").

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes the corporate and financing structure of the Issuer and the Telenet Group after giving effect to the offering of the Notes and the application of the proceeds therefrom. The following is provided for indicative and illustration purposes only and should be read in conjunction with the information contained in these Listing Particulars as a whole.



(1) The Issuer is a special purpose financing company formed for the primary purpose of facilitating the offering of the Notes and is owned 99.9% by a foundation established under the laws of The Netherlands and 0.1% by a Luxembourg private limited liability company as general partner. The Issuer will apply all payments it receives under the Finco Loan and such related agreements, including in respect of principal, premiums, interest and any additional amounts following certain tax events, to make corresponding payments under the Notes.

(2) The Notes are senior obligations of the Issuer. The holders of the Notes benefit directly from first-ranking security interests granted to the Trustee on behalf of itself and the holders of the Notes in the following rights, property and assets: (1) all of the issued ordinary shares of the Issuer; (2) all of the issued shares of the GP; (3) all of the Issuer's rights, title and interest under the Finco Loans; (4) all of the Issuer's rights, title and interests in the Related Agreements; and (5) all of the Issuer's rights, title and interests in the Issuer's Account. See "*Description of the Notes—Security*".

(3) The proceeds from the issuance of the 2022 Notes and the 2024 Notes were used by the Issuer to fund the 2022 Finco Loan and the 2024 Finco Loan, respectively, each denominated in euro, under additional facilities borrowed by Telenet International Finance under the Senior Credit Facility.

(4) Both Telenet NV and Telenet International Finance are, and will continue to be following the offering of the Notes, the funding of the Finco Loans and the application of the proceeds of the Finco Loans, borrowers and guarantors under the Senior Credit Facility. See "*Description of the Senior Credit Facility and the Related Agreements—The Senior Credit Facility*".

(5) The Senior Credit Facility includes Facility M, Facility N, Facility O and Facility P, which consist of loans made to Telenet International Finance by Telenet Finance Luxembourg, Telenet Finance Luxembourg II, Telenet Finance III Luxembourg and Telenet Finance IV Luxembourg, respectively, special purpose financing companies unaffiliated with the Telenet Group, using the proceeds from the issuances of the Telenet Finance Luxembourg Notes, the Telenet Finance Luxembourg II Notes, the Telenet Finance III Luxembourg Notes and the Telenet Finance IV Luxembourg Notes, respectively. Following the issuance of the Telenet Finance Luxembourg Notes, the Telenet Finance Luxembourg II Notes, the Telenet Finance III Luxembourg Notes and the Telenet Finance IV Luxembourg Notes and the making of the loans under Facility M, Facility N, Facility O and Facility P, respectively, Telenet Finance Luxembourg, Telenet Finance Luxembourg II, Telenet Finance III Luxembourg and Telenet Finance IV Luxembourg are, and will continue to be as long as Facility M, Facility N, Facility O and Facility P, as applicable, remain outstanding, consolidated by Telenet Group Holding. Accordingly, the loans under Facility M, Facility N, Facility O and Facility P are eliminated through the consolidation of Telenet Finance Luxembourg, Telenet Finance Luxembourg II, Telenet Finance III Luxembourg and Telenet Finance IV Luxembourg, respectively, within Telenet Group Holding's consolidated financial statements. See "*Capitalization of Telenet and the Issuer*".

(6) Subsidiaries of Telenet NV that are not borrowers or guarantors under the Senior Credit Facility include: Telenet Vlaanderen NV, Telenet Mobile NV, T-VGAS NV, C-CURE NV, Telenet Tecteo Bidco NV, Telenet Luxembourg Finance Center S.à r.l., Telenet Service Center NV, Finance Center Telenet S.à r.l. and Telenet Solutions Luxembourg S.A. During the six months ended and as of June 30, 2012, the subsidiaries who guarantee the obligations under the Senior Credit Facility generated 100% of Telenet's Consolidated Adjusted EBITDA, respectively, and held more than 96% of its consolidated total assets, respectively.

(7) Telenet Group Holding is listed on Euronext Brussels and is included in the Eurostoxx 600, MSCI Belgium, Dow Jones Sustainability Europe, Dow Jones Sustainability World, FTSE4Good and the BEL20 indices.

THE OFFERING

The summary below describes the principal terms of the Notes and certain terms of each Finco Loan. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of these Listing Particulars contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Telenet Finance V Luxembourg S.C.A.
Notes offered	€450 million aggregate principal amount of 6¼% Senior Secured Notes due 2022 (the "2022 Notes"). €250 million aggregate principal amount of 6¾% Senior Secured Notes due 2024 (the "2024 Notes" and together with the 2022 Notes, the "Notes").
Issue date	August 16, 2012.
Maturity date	
2022 Notes	August 15, 2022.
2024 Notes	August 15, 2024.
Interest payment dates	Semi-annually in cash in arrears on each August 15 and February 15, commencing February 15, 2013. Interest will accrue from the Issue Date of the Notes.
Denomination	€100,000 and any integral multiples of €1,000 in excess of €100,000. Notes in denominations of less than €100,000 will not be available.
Issue price	100.000% plus accrued interest, if any, from August 16, 2012.
Senior Credit Facility	The proceeds from the issuance of the 2022 Notes were used by the Issuer to fund a loan (the "2022 Finco Loan"), denominated in euro, under an additional facility borrowed by Telenet International Finance under the Senior Credit Facility. The proceeds from the issuance of the 2024 Notes were used by the Issuer to fund a loan (the "2024 Finco Loan" and together with the 2022 Finco Loan, the "Finco Loans"), denominated in euro, under an additional facility borrowed by Telenet International Finance under the Senior Credit Facility. Under the terms of the Senior Credit Facility and the related arrangements, the Issuer benefits, among other things, all the rights of a lender under the Senior Credit Facility.
Limited recourse	Except under the limited circumstances specified under "*Description of the Notes—Events of Default and Remedies*", the obligations of the Issuer under the Indenture, the Notes and the Notes Security Documents will be solely to make payments of amounts in aggregate equivalent to the amounts actually received by or for the account of the Issuer from Telenet International Finance under the Senior Credit Facility and agreements related thereto. In addition, other than under the limited circumstances described under "*Description of the Notes—Events of Default and Remedies*", holders of the Notes will not have a direct claim on the cash flow or assets of Telenet and Telenet has no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of Telenet International Finance to make payments to lenders under the Senior Credit Facility and agreements related thereto. None of the members of the Telenet Group will guarantee the Issuer's obligations under the Notes.
Note Collateral	The holders of the Notes benefit directly from first-ranking security interests granted to the Trustee on behalf of itself and the holders of the Notes in the following rights, property and assets: (1) all of the issued ordinary shares of the Issuer;

	(2) all of the issued shares of the GP; (3) all of the Issuer's rights, title and interest under the Finco Loans; (4) all of the Issuer's rights, title and interests in the Related Agreements; and (5) all of the Issuer's rights, title and interests in the Issuer's Account. See "*Description of the Notes—Security*". The Issuer, as a lender under the Senior Credit Facility, will be treated the same as all other lenders under that facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to other Telenet Lenders. Through the covenants in the Indenture and the security interests over all of the issued ordinary shares of the Issuer, all of the issued shares of the GP and the Finco Loans granted to secure the Issuer's obligations under the Notes, the holders of the Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as a Telenet Lender, including the indirect benefit of the covenants contained in the Senior Credit Facility and the guarantees and security granted for the benefit of the Telenet Lenders.
Senior Credit Facility Guarantors	As at the date of the Offering Memorandum, Telenet NV and Telenet International Finance were the only guarantors of the obligations of the Obligors (as defined in the Senior Credit Facility) under the Senior Credit Facility (subject to certain specified guarantee limitations, including, but not limited to, the exclusion of liability to the extent that such guarantee would constitute unlawful financial assistance under applicable law). In addition, the Senior Credit Facility requires that additional members of the Telenet Group become guarantors under the Senior Credit Facility, (a) in the event that they become Material Subsidiaries (as defined in the Senior Credit Facility), or (b) where necessary in order to ensure that the aggregate gross assets, earnings before interest, tax, depreciation and amortization or turnover, of the Obligors (on an unconsolidated basis and excluding intra group items) equal or exceed, respectively, 85% of the consolidated EBITDA, consolidated gross assets or consolidated turnover (as appropriate) of Telenet Group Holding (excluding intra group items).
Senior Credit Facility Collateral	The Finco Loans will be secured by the security interests on substantially all assets of the Telenet Group granted to the security agent under the Senior Credit Facility to secure the Telenet Loans. The Telenet Loans are secured on a first-ranking basis by substantially all of the properties and assets of the borrowers and guarantors under the Senior Credit Facility, and certain other security providers, under the Senior Credit Facility, including: (a) share pledges over all the shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance; (b) mortgages over all real property and the network assets of Telenet NV and Telenet Vlaanderen NV; (c) floating charges over all moveable property of Telenet NV and Telenet Vlaanderen NV; (d) pledges on bank accounts and of all present and future receivables of Telenet Group Holding, Telenet NV and Telenet Vlaanderen NV; and (e) pledges on bank accounts and of all present and future intercompany receivables granted by Telenet International Finance.

	See "*Description of the Senior Credit Facility and the Related Agreements—Guarantees and Security*".
Mandatory redemption	Following a change of control as defined under the Senior Credit Facility, Telenet International Finance will be required, at the election of the Majority Lenders under, and as defined in, the Senior Credit Facility, to prepay each of the Finco Loans plus a payment equal to 1% of the principal amount of each of the Finco Loans, as applicable. Following any such repayment, the Issuer will redeem all of the Notes issued under the indenture governing the Notes at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.
Optional redemption with disposal proceeds	In the event of certain asset sales, Telenet NV and Telenet International Finance may elect, at their option, (i) to offer to prepay a principal amount of the relevant Finco Loan equal to the aggregate principal amount of the applicable Notes tendered in a related asset sale offer to be made by the Issuer (not to exceed the available proceeds from the related asset sale) or (ii) subject to the payment of certain premiums, to prepay the Finco Loans, pro rata in an aggregate amount equal to the available proceeds from the related asset sale, and, in the case of clauses (i) and (ii), the Issuer will redeem a corresponding amount of the applicable Notes. See "*Description of the Notes—Redemption and Repurchase—Disposal Proceeds*".
Optional redemption upon certain share transfers	Following certain transfers of the assets or shares of Telenet NV (a "Telenet Group Transfer"): (a) if the holders of a majority of the aggregate principal amount of the Notes outstanding consent to the Telenet Group Transfer, then the Issuer will, to the extent that Telenet International Finance notifies the Issuer that it intends to prepay a corresponding principal amount of each of the Finco Loans, redeem all, but not less than all, of the Notes of all holders who do not consent to the Telenet Group Transfer at a redemption price equal to 101% of the principal amount thereof; and (b) if the holders of a majority of the aggregate principal amount of the Notes outstanding do not consent to the Telenet Group Transfer, then the Issuer will make an offer to all holders of the Notes to purchase their Notes at a redemption price equal to 101% of the principal amount thereof.
Special optional redemption with respect to the 2022 Notes	Any gross proceeds of the 2022 Finco Loan that are not applied to acquire shares of Telenet Group Holding NV pursuant to the Voluntary Self Tender or to pay fees and expenses related to this offering of Notes and the Voluntary Self Tender will be deemed to be "Excess Offering Proceeds". Prior to the earlier of (i) November 16, 2012 and (ii) ten business days following the payment of the bid price to tendering shareholders in the Voluntary Self Tender, Telenet NV and Telenet International Finance may elect, at their option, one time only on five business days' notice (which notice will be irrevocable), to apply such Excess Offering Proceeds to prepay the 2022 Finco Loan up to a principal amount of €250 million, provided that, in any event, at least €200 million in principal amount of the 2022 Finco Loan will remain outstanding immediately after such prepayment. Following such optional repayment, the Issuer will redeem a corresponding amount of the 2022 Notes at a redemption price equal to 100% of the principal amount of 2022 Notes redeemed plus accrued and unpaid interest to the date of redemption, as described in "*Description of the Notes—Redemption and Repurchase—Special Optional Redemption*."

Additional amounts; tax redemption	All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction. See "*Description of the Notes—Withholding Taxes*". The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes or the Finco Loans and, as a result, the Issuer, or Telenet International Finance, as the case may be, is required to pay additional amounts with respect to such withholding taxes. If the Issuer decides to exercise such redemption right, it must pay holders a redemption price equal to the principal amount of the Notes being redeemed, together with accrued and unpaid interest and additional amounts, if any, to the redemption date. See "*Description of the Notes—Redemption and Repurchase—Redemption for Changes in Withholding Taxes*".
Certain covenants	The Issuer issued the Notes under the Indenture. The Indenture contains covenants with respect to restrictions on the business activities of the Issuer; maintenance of the existence of the Issuer; maintenance of listing; maintenance of rating; minimum period for consents under loan documents; payments for consent; amendments to loan documents to be applied equally to all lenders; and information. In addition, the Senior Credit Facility, the Facility U Accession Agreement and the Facility V Accession Agreement provide that Telenet NV will not arrange an additional facility under the Senior Credit Facility unless, at such time, and after giving pro forma effect to the use of the proceeds of such additional facility, the ratio of Net Total Debt to Consolidated Annualized EBITDA would not be greater than 5.00:1 and the ratio of Net Total Senior Debt to Consolidated Annualized EBITDA would not be greater than 4.50:1, as such terms are defined under "*Description of the Notes*".
Voting in respect of the Finco Loans and the Senior Credit Facility	The Issuer will vote as a lender under the Senior Credit Facility pursuant to each of the Finco Loans. The voting method to be used to determine the voting position of the Issuer on any matter subject to a lender vote under the Senior Credit Facility is described under "*Description of the Notes—Amendment, Supplement and Waiver—To the Senior Credit Facility or the Finco Accession Agreement*s".
Transfer restrictions	The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions" and "Plan of Distribution*".
Absence of a public market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed the Issuer and Telenet NV that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, neither the Issuer nor Telenet NV can assure you that a liquid market for the Notes will develop or be maintained.
Use of proceeds	The proceeds from the issuance of the 2022 Notes and the 2024 Notes were used by the Issuer to fund the 2022 Finco Loan and the 2024 Finco Loan, respectively, each denominated in euro, under new additional

	facilities (Facility U and Facility V) borrowed by Telenet International Finance under the Senior Credit Facility. Telenet intends to use the proceeds from the Finco Loans to acquire shares pursuant to the Voluntary Self Tender and to pay fees and expenses related to the offering of the Notes, any related financing transactions and the Voluntary Self Tender. In the event that not all of the proceeds of the Finco Loans are applied for such purposes, Telenet may use such proceeds to redeem a portion of the 2022 Notes, as described under "*Description of the Notes—Special Optional Redemption*", and/or for general corporate purposes of the Telenet Group, which may include distributions to Telenet's direct and indirect shareholders, share buybacks or a refinancing of outstanding debt. See "*Use of Proceeds*".
Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Listing and Trading	Application has been made for the Notes to be admitted to listing and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. See "*Description of the Notes—Maintenance of Listing*".
Trustee	The Bank of New York Mellon.
Principal Paying Agent and Transfer Agent	The Bank of New York Mellon.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Governing law	The Indenture and the Notes are governed by the laws of the State of New York. The Senior Credit Facility, the Facility U Accession Agreement, the Facility V Accession Agreement, the Telenet Service Agreement and the Telenet Fee Letter will be governed by, and construed in accordance with, English law. Certain of the Notes Security Documents will be governed by, and construed in accordance with, the laws of Luxembourg and certain of the Notes Security Documents will be governed by, and construed in accordance with, English law. See "*Description of the Notes—Security*". The application of the provisions set out in articles 86 to 97 of the Luxembourg law on commercial companies, as amended, is excluded.
Risk factors	Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.
Certain ERISA considerations	The Notes and/or any interest therein may, subject to certain restrictions described herein under "Certain Employee Benefit Plan Considerations", be sold and transferred to ERISA Plans (as defined in these Listing Particulars). See "*Certain Employee Benefit Plan Considerations*".

SUMMARY CONDENSED CONSOLIDATED HISTORICAL FINANCIAL AND OTHER DATA OF TELENET

The Issuer was incorporated on November 16, 2011 for the purpose of the offering of the Notes. Consequently, limited historical financial information relating to the Issuer is available, and the financial information included in these Listing Particulars with respect to the Issuer consists of the Issuer's opening statement of financial position as of November 16, 2011, the Issuer's statement of financial position as of June 30, 2012 and the Issuer's statement of cash flows through June 30, 2012, each of which has been prepared in accordance with Luxembourg GAAP.

The tables below set out certain summary historical financial information and operating data for Telenet Group Holding for the indicated periods. The summary condensed consolidated historical financial information as of and for the six months ended June 30, 2012 and 2011 presented below is derived from the June 30, 2012 Condensed Consolidated Interim Financial Statements included in these Listing Particulars, which have been reviewed by KPMG Bedrijfsrevisoren CVBA. The summary condensed consolidated historical financial information as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2011, 2010 and 2009 presented below is derived from the December 31, 2011 Consolidated Financial Statements and the December 31, 2010 Consolidated Financial Statements included in these Listing Particulars, which have been audited by KPMG Bedrijfsrevisoren CVBA, as set forth in their auditors' report included elsewhere in these Listing Particulars.

The consolidated financial statements of Telenet included in these Listing Particulars have been prepared in accordance with IFRS. The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations of Telenet Group Holding" and the June 30, 2012 Condensed Consolidated Interim Financial Statements, the December 31, 2011 Consolidated Financial Statements and the December 31, 2010 Consolidated Financial Statements included in these Listing Particulars. Telenet's historical results do not necessarily indicate results that may be expected for any future period.

	For the six months ended June 30,		For the year ended December 31,		
	2012	2011	2011	2010	2009
	In millions of EUR				
Revenue					
Basic cable television	160.7	159.1	317.9	325.1	322.3
Premium cable television	111.0	88.7	189.1	150.7	115.4
Distributors/Other	31.2	24.9	57.5	55.7	56.5
Residential broadband internet	226.1	218.4	441.7	426.7	402.0
Residential telephony	152.6	133.6	279.3	255.9	224.3
Business services	45.4	45.2	90.8	84.9	76.9
Total revenue	**727.0**	**669.9**	**1,376.3**	**1,299.0**	**1,197.4**
Expenses					
Cost of services provided	(415.0)	(374.9)	(821.2)	(735.8)	(688.9)
Gross Profit	**312.0**	**295.0**	**555.1**	**563.2**	**508.5**
Selling, general and administrative expenses	(120.7)	(114.6)	(228.9)	(218.7)	(210.0)
Operating profit	**191.3**	**180.4**	**326.2**	**344.5**	**298.5**
Finance income	3.5	25.0	7.8	1.5	1.2
Finance expenses	(145.8)	(102.6)	(279.9)	(199.1)	(154.8)
Net finance expenses	(142.3)	(77.6)	(272.1)	(197.6)	(153.6)
Share of the gain (loss) of equity accounted investees	0.0	(0.1)	(0.4)	(0.4)	(0.5)
Profit before income tax	**49.0**	**102.7**	**53.7**	**146.5**	**144.4**
Income tax benefit (expense)	(24.0)	(44.2)	(36.9)	(57.2)	88.7
Profit for the period	**25.0**	**58.5**	**16.8**	**89.3**	**233.1**
Other financial information					
Adjusted EBITDA(1)(2)	387.0	354.1	723.4	668.7	607.7
Adjusted EBITDA margin(1)(2)	53.2%	52.9%	52.6%	51.5%	50.7%

	As of June 30, 2012	As of December 31, 2011	2010	2009
		In millions of EUR		
Consolidated Balance Sheet Data:				
Cash and cash equivalents	357.0	346.6	639.6	145.7
Total assets	3,543.2	3,541.7	3,692.7	3,273.2
Total current liabilities	1,033.6	642.7	551.8	508.9
Total loans and borrowings (long and short term)	3,023.0	2,959.5	2,877.7	2,323.9
Total liabilities	4,284.0	3,789.9	3,475.2	2,913.2
Total equity (deficit)	(740.8)	(248.2)	217.5	360.1

Other financial information:

	For the six months ended June 30, 2012	2011	For the year ended December 31, 2011	2010	2009
			In millions of EUR		
Cash Flow Information:					
Cash flow from operating activities	280.7	287.6	540.8	503.8	440.8
Cash flow used in investing activities	(160.2)	(146.5)	(293.4)	(248.0)	(279.6)
Cash flow from (used in) financing activities	(110.1)	404.5	(540.4)	238.1	(81.1)
Net increase (decrease) in cash and cash equivalents	10.4	545.6	(293.0)	493.9	80.1
Free Cash Flow[3][4]	117.4	137.7	242.0	253.6	162.4

As adjusted covenant information:

	As of June 30, 2012
Consolidated Annualized EBITDA[5]	€ 766.2 million
As adjusted Net Total Debt[6]	€3,389.4 million
As adjusted Net Leverage Ratio [6][7]	4.4x

(1) 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 Telenet's efforts to acquire or divest controlling interests in businesses. Adjusted EBITDA is an additional measure used by management to demonstrate Telenet's underlying performance and should not replace the measures in accordance with IFRS as an indicator of Telenet's performance, but rather should be used in conjunction with the most directly comparable IFRS measure. Adjusted EBITDA is a non-IFRS measure.

(2) The following table presents a reconciliation of Adjusted EBITDA to total comprehensive income for the period attributable to equity owners of Telenet Group Holding, for the indicated periods:

	For the six months ended June 30, 2012	2011	For the year ended December 31, 2011	2010	2009
			In millions of EUR		
Adjusted EBITDA	**387.0**	**354.1**	**723.4**	**668.7**	**607.7**
Share based compensation	(3.6)	(8.7)	(13.0)	(9.8)	(5.1)
Operating charges related to acquisitions or divestitures	(0.2)	(0.8)	(0.7)	(0.3)	(1.3)
Restructuring charges	—	(0.1)	(0.2)	(0.3)	—
EBITDA	**383.2**	**344.5**	**709.5**	**658.3**	**601.3**
Depreciation, amortization and impairment	(191.9)	(164.1)	(383.3)	(313.8)	(302.8)
Operating profit	**191.3**	**180.4**	**326.2**	**344.5**	**298.5**
Net finance expense	(142.3)	(77.6)	(272.1)	(197.6)	(153.6)
Share of the gain (loss) of equity accounted investees	0.0	(0.1)	(0.4)	(0.4)	(0.5)
Income tax benefit (expense)	(24.0)	(44.2)	(36.9)	(57.2)	88.7
Total comprehensive income for the period	25.0	58.5	16.8	89.3	233.1

(3) 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, and (iii) principal payments on capital leases (exclusive of network-related leases), each as reported in Telenet's consolidated statement of cash flows. Free Cash Flow is an additional measure used by management to demonstrate Telenet's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with IFRS as an indicator of Telenet's performance, but rather should be used in conjunction with the most directly comparable IFRS measure. Free Cash Flow is a non-IFRS measure.

(4) The following table presents a reconciliation of net cash from operating activities to Free Cash Flow for the indicated periods:

	For the six months ended June 30,		For the year ended December 31,		
	2012	2011	2011	2010	2009
	In millions of EUR				
Net cash from operating activities	280.7	287.6	540.8	503.8	440.8
Purchases of property and equipment	(123.1)	(118.9)	(216.3)	(194.5)	(233.7)
Purchases of intangibles	(38.1)	(29.0)	(78.2)	(51.5)	(40.2)
Principal payment on capital leases (excluding network-related leases)	(2.1)	(2.0)	(4.3)	(4.2)	(4.5)
Free Cash Flow	**117.4**	**137.7**	**242.0**	**253.6**	**162.4**

(5) Consolidated Annualized EBITDA is calculated by multiplying Consolidated EBITDA (as defined in the Senior Credit Facility) for the two most recent reported quarters by two.

(6) As adjusted Net Total Debt is equal to Net Total Debt (as defined in the Senior Credit Facility, which excludes subordinated shareholder loans, capitalized elements of indebtedness under the clientele and annuity fees and any other finance leases) adjusted to reflect (i) the issuance of the Notes and the application of the proceeds thereof (assuming that all such proceeds are applied to acquire shares pursuant to the Voluntary Self Tender) and (ii) the August 2012 Capital Reduction.

(7) As adjusted Net Leverage Ratio is equal to as adjusted Net Total Debt divided by Consolidated Annualized EBITDA.

	As of June 30,		As of December 31,		
	2012	2011	2011	2010	2009
Other Operating Information					
Footprint:					
Homes passed(1)	2,856,300	2,831,300	2,843,800	2,818,800	2,793,800
RGUs:					
Total cable television	2,152,200	2,233,900	2,198,500	2,274,400	2,342,400
Analog cable television(2)	679,700	971,600	842,700	1,091,600	1,404,600
Digital cable television(2)	1,472,500	1,262,300	1,355,800	1,182,800	937,900
Broadband internet(3)	1,339,200	1,263,700	1,305,600	1,226,600	1,115,900
Fixed telephony(4)	920,200	847,300	880,100	814,600	740,900
Total RGUs (excluding mobile)	4,411,600	4,344,900	4,384,200	4,315,600	4,199,200
Mobile telephony(5)	275,400	228,100	246,400	204,400	131,100
Customer relationship information:					
Triple-play customers(6)	818,700	751,500	783,100	719,200	651,000
Total customer relationships(7)	2,152,200	2,233,900	2,198,500	2,274,400	2,342,400
Services per relationship(7)	2.05	1.94	1.99	1.90	1.79
ARPU per customer relationship(7) (8)	45.1	41.0	42.1	38.8	35.0
Penetration(9):					
Total cable television	75.3%	78.9%	77.3%	80.7%	83.8%
Broadband internet	46.9%	44.6%	45.9%	43.5%	39.9%
Fixed telephony	32.2%	29.9%	30.9%	28.9%	26.5%
Digitalization rate(10)	68.4%	56.5%	61.7%	52.0%	40.0%
Triple-play customers(11)	38.0%	33.6%	35.6%	31.6%	27.8%

(1) Homes passed represents Telenet's estimate of the number of potential residential, SoHo and SME subscribers to whom it can offer its services.

(2) As of January 1, 2012, subscribers to Telenet's INDI digital TV platform, which Telenet acquired in October 2008 as part of the Interkabel Acquisition, are no longer recognized as Digital Cable TV subscribers, but are accounted for as Analog Cable TV subscribers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods.

(3) Total broadband internet represents both residential and business broadband internet when provided via coaxial cable.

(4) Total fixed telephony represents both residential and business fixed telephony when provided via coaxial cable.

(5) As of April 1, 2012, Telenet's mobile telephony subscriber count includes customers who subscribe to data-only mobile plans. 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.

(6) Triple-play is defined as television, broadband internet and telephony. Dual-play is defined as any two of the three products. Mobile telephony subscribers are not used as part of the calculation of dual-play or triple-play statistics.

(7) Customer relationships are equal to the sum of analog and digital basic cable television subscribers on the Combined Network.

(8) 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 rental set-top boxes 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.

(9) Number of RGUs at the end of the relevant period as a percentage of the number of homes passed by the Combined Network at the end of the relevant period.

(10) Number of digital cable television subscribers at the end of the relevant period relative to the total number of cable television subscribers at the end of the relevant period.

(11) Number of triple-play subscribers at the end of the relevant period relative to the total number of customer relationships at the end of the relevant period.

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in these Listing Particulars. If any of the events described below, individually or in combination, were to occur, this could have a material adverse impact on Telenet's business, prospects, results of operations and financial condition and Telenet's ability to pay all or part of the interest or principal on the Finco Loans, and in turn, would have an adverse effect on the Issuer's ability to make payments on the Notes and could therefore have a negative effect on the trading price of the Notes. Described below and elsewhere in this document are the risks considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on Telenet's results of operations, financial condition, business or operations in the future. In addition, its past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

These Listing Particulars also contains forward looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including the risks described below and elsewhere in these Listing Particulars. See "Forward Looking Statements".

Risks Relating to Telenet's Financial Profile and the Financing Environment

Telenet's substantial leverage could adversely affect its business, financial condition and results of operations and prevent it from fulfilling its obligations under the Finco Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes.

Telenet has significant debt and debt service requirements and may incur additional debt in the future. As of June 30, 2012, as adjusted to give effect to the issuance of the Notes and the application of the proceeds thereof and the drawing down of amounts available under Facilities Q2 (€74.0 million) and R2 (€50.0 million) in connection with the August 2012 Capital Reduction, Telenet's total consolidated third party debt would have been approximately €3,847.0 million. Of this as adjusted indebtedness, €1,404.6 million represents indebtedness under Telenet's Senior Credit Facility (excluding Facility M, Facility N, Facility O, Facility P and the Finco Loans), €1,300.0 million represents indebtedness under the Senior Secured Notes, €700.0 million represents indebtedness under the Notes offered hereby and €60.7 million represents indebtedness for the outstanding portion of the 3G mobile spectrum. The remainder primarily represents capital lease obligations associated with the Interkabel Acquisition.

Telenet's significant level of debt could have important consequences, including, but not limited to, the following:

- making it more difficult for Telenet International Finance to satisfy its obligations under the Finco Loans and in turn make it more difficult for the Issuer to satisfy its obligations under the Notes;
- requiring that a substantial portion of Telenet's cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to it to finance its operations, capital expenditures, research and development and other business activities, including maintaining the quality of its network;
- impeding Telenet's ability to obtain additional debt or equity financing, including financing for capital expenditures, and increasing the cost of any such borrowing, particularly due to the financial and other restrictive covenants contained in the agreements governing its debt;
- impeding Telenet's ability to compete with other providers of cable television, internet and data and telephony services in Flanders or elsewhere in Belgium;
- adversely affecting public perception of Telenet and its brand; and
- making Telenet more vulnerable to economic downturns and adverse developments and giving it less flexibility to react to changes in its business.

Any of these or other consequences or events could have a material adverse effect on Telenet International Finance's ability to satisfy its debt obligations, including the Finco Loans, and in turn, the Issuer's ability to satisfy its obligations under the Notes.

The terms of the Indenture and the terms of Telenet's Senior Credit Facility restrict, but do not prohibit, Telenet from incurring additional debt. Telenet may refinance its Senior Credit Facility and/or its other debt, and it may increase its consolidated debt for various business reasons which might include, among other things, to finance acquisitions, or to fund the prepayment premiums, if any, on debt it refinances, to fund distributions to its shareholders or for general corporate purposes. If new debt is added to Telenet's consolidated debt described above, the related risks that it now faces will intensify.

Telenet may not generate sufficient cash flow to fund its capital expenditures, ongoing operations and debt obligations, and may be subject to certain tax liabilities.

Telenet's ability to service its debt and to fund its ongoing operations will depend on Telenet's ability to generate cash. Telenet cannot assure you that its businesses will generate sufficient cash flow from operations or that future debt or equity financing will be available to it in an amount sufficient to enable it to pay its debt obligations when due. Telenet's ability to generate cash flow is dependent on many factors, including:

- its future operating performance;
- the demand and price levels for its current and planned products and services;
- its ability to maintain the required level of technical capability in its network and in the subscriber equipment and other relevant equipment connected to its network;
- general economic conditions and other conditions affecting customer spending;
- competition;
- its ability to make use of its carry-forward tax losses;
- distributions to shareholders;
- the outcome of certain litigation in which Telenet is involved; and
- legal, tax and regulatory factors affecting its business.

Some of these factors are beyond Telenet's control. If Telenet is unable to generate sufficient cash flow, it may not be able to repay its debt, grow its business, respond to competitive challenges or fund its other liquidity and capital needs, including capital expenditures. If Telenet is unable to meet its debt service obligations, it may have to sell assets, attempt to restructure or refinance its existing indebtedness or seek additional funding in the form of debt or equity capital. Telenet may not be able to do so on satisfactory terms, if at all.

Belgian tax law does not allow for group-wide consolidation. Each group member is deemed a separate entity for tax purposes and intercompany transactions must be executed under arm's-length conditions. Mismatches between taxable income and deductible expenses (including interest on Telenet's debt) could adversely influence Telenet's ability to generate cash flow. Likewise, changes in Belgian tax law or the interpretation of permitted transactions could adversely affect Telenet's tax position and ability to utilize its carry-forward tax losses. As is standard practice in Belgium, Telenet is subject to audits of its tax returns by the Belgian tax authorities. As a result of such audits, Telenet may be presented with adverse conclusions regarding expenses it had deducted from its taxable earnings which could result in reducing its carry forward tax losses or could give rise to taxes which are due immediately. Although Telenet would retain the right to appeal any such adverse conclusions, it cannot provide assurance that these audits would not result in a reduction of its carry-forward tax losses or in the immediate payment of taxes.

The Belgian tax authorities may challenge the tax treatment of any restructuring for which Telenet or Telenet's subsidiaries did not seek an official tax ruling, including on the basis of a claim that the restructuring had tax fraud or tax evasion as one of its main aims (or under prior existing rules, that the transaction did not meet the business purpose test) or on any other grounds. If successful, such claim of the authorities could result in a reduction of Telenet's carry-forward tax losses and/or in an obligation for the immediate payment of taxes, and such reduction or obligation could be significant. Such a claim could adversely affect Telenet's business and financial position and cause a diversion of its resources and management time.

The agreements and instruments governing Telenet's debt contain restrictions and limitations that could adversely affect its ability to operate Telenet's business.

The terms of the Senior Credit Facility and the terms of Telenet's other outstanding debt contain a number of significant covenants or other provisions that could adversely affect its ability to operate its business. These covenants restrict Telenet's ability, and the ability of its subsidiaries, to, among other things:

- pay dividends or make other distributions;

- make certain investments or acquisitions, including participating in joint ventures;
- make capital expenditures;
- engage in transactions with affiliates and other related parties;
- dispose of assets other than in the ordinary course of business;
- merge with other companies;
- incur additional debt and grant guarantees;
- repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries;
- grant liens and pledge assets; and
- change its business plan.

Furthermore, the Senior Credit Facility requires Telenet to maintain specified financial ratios and meet financial tests. Telenet's ability to comply with these provisions may be affected by events beyond its control. If Telenet cannot comply with these tests or is otherwise in default, the Telenet Group may not be able to borrow under the Senior Credit Facility, which could have a material adverse effect on Telenet's ability to operate its business and to make payments under its debt instruments.

In addition to limiting Telenet's flexibility in operating its business, the breach of any covenants or obligations under the agreements and instruments governing its debt will result in a default under the applicable debt agreement or instrument and could trigger acceleration of the related debt, which in turn could trigger defaults under other agreements governing Telenet's debt. In addition, the lenders under the Senior Credit Facility could foreclose on their collateral, which includes equity interests in Telenet's operating subsidiaries, exercise other rights of secured creditors and deny Telenet access to any unused amounts under the facility. A default under the Senior Credit Facility or under the agreements governing Telenet's other debt could materially adversely affect its growth, its financial condition and results of operations.

Telenet is exposed to interest rate risks. Shifts in such rates may adversely affect its debt service obligations.

The majority of Telenet's debt, including all of its debt under the Senior Credit Facility, bears interest at variable rates. An increase in the interest rates on Telenet's debt will reduce the funds available to repay its debt and to finance its operations, capital expenditures and future business opportunities and, as a result, will intensify the consequences of its leveraged capital structure. In addition, under the terms of Telenet's existing interest rate hedging arrangements, Telenet's effective interest rates may be higher than actual interest rates, resulting in increased costs for Telenet. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Telenet—Quantitative and qualitative disclosures about market risk*".

Through Telenet's Senior Credit Facility, Telenet is exposed to changes in interest rates primarily as a result of the underlying fluctuations of the three month EURIBOR rate. Although Telenet enters into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that it will be able to continue to do so at a reasonable cost.

Telenet is subject to increasing operating costs and inflation risks which may adversely affect its earnings.

While Telenet attempts to increase its subscription rates to offset increases in operating costs, there is no assurance that it will be able to do so. Telenet's ability to increase subscription rates is subject to regulatory controls. Also, Telenet's ability to increase subscription rates may be constrained by competitive pressures. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on Telenet's cash flow and net earnings (loss). Telenet is also impacted by inflationary increases in salaries, wages, benefits and other administrative costs in certain markets.

Currency fluctuations and hedging risks could adversely affect Telenet's earnings and cash flow.

Telenet's business is exposed to fluctuations in currency exchange rates. Telenet's functional currency is the euro. However, Telenet conducts, and will continue to conduct, transactions in currencies other than the euro, particularly the U.S. dollar. Telenet has U.S. dollar obligations with respect to the contracts it is party to for the supply of premium content. While approximately 5% of its costs of operations (including costs of network hardware equipment and software and premium cable television rights) in the year ended December 31, 2011 were denominated in U.S. dollars, the percentage of Telenet's operational costs that are denominated in U.S. dollars may increase in the future. The exchange rate between the U.S. dollar and the euro has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. See "*Exchange Rate Information*". Telenet has historically covered a portion of its U.S. dollar cash outflows arising on anticipated and committed purchases through the use of foreign exchange derivative instruments. There can be no guarantee that Telenet's hedging strategies will adequately protect its operating results from the effects of exchange rate fluctuation, or that these hedges will not limit any benefit that it might otherwise receive from favorable movements in exchange rates.

Disruptions in the credit and equity markets could increase the risk of default by the counterparties to Telenet's derivative and other financial instruments, undrawn debt facilities and cash investments and may impact its future financial position.

Although Telenet seeks to manage the credit risks associated with its derivative and other financial instruments, cash investments and undrawn debt facilities, disruptions in credit and equity markets could increase the risk that its counterparties could default on their obligations to Telenet. Also, even though Telenet regularly reviews its credit exposure, defaults may arise from events or circumstances that are difficult to detect or foresee. As of June 30, 2012, Telenet's exposure to credit risk included (i) derivative financial instrument assets with a fair value of €0.6 million, (ii) cash and cash equivalent balances of €357.0 million and (iii) aggregate undrawn debt facilities of €282.0 million. While Telenet currently has no specific concerns about the creditworthiness of any counterparty for which it has material credit risk exposures, the current economic conditions and uncertainties in global financial markets have increased the credit risk of Telenet's counterparties, and Telenet cannot rule out the possibility that one or more of its counterparties could fail or otherwise be unable to meet its obligations to Telenet. Any such instance could have a material adverse effect on Telenet's cash flows, results of operations or financial condition. It is not possible to predict how economic conditions, sovereign debt concerns and/or adverse regulatory developments could impact the credit markets Telenet accesses and, accordingly, Telenet's future financial position or results of operations. In this regard, (i) the financial failures of any of Telenet's counterparties could reduce amounts available under committed credit facilities and adversely impact its ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact Telenet's ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with weak economics, could adversely impact Telenet's cash flows and liquidity.

With respect to Telenet's derivative instruments, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts or such termination may be mandatory following a formal insolvency proceeding of a defaulting counterparty. Any such compulsory termination may trigger early termination payment liabilities payable by Telenet reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to Telenet under other contracts between Telenet and the relevant counterparty. Accordingly, it is possible that Telenet may be subject to obligations to make payments, or may have present or future liabilities owed to it partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not Telenet. To the extent that Telenet is required to make such payments, its ability to do so will depend on its liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, Telenet will be an unsecured creditor in respect of any amount owed to it by the defaulting counterparty, except to the extent of the value of any collateral Telenet has obtained from that counterparty.

The risks Telenet would face in the event of a default by a counterparty to one of its derivative instruments might be eliminated or substantially mitigated if Telenet is able to novate the relevant derivative contracts to a new counterparty following the default of its counterparty. While Telenet anticipates that, in the event of the insolvency of one of its derivative counterparties, Telenet would seek to effect such novations, no assurance can be given that it would obtain the necessary consents to do so or that Telenet would be able to do so on terms or pricing that would be acceptable to Telenet or that any such novation would not result in substantial costs to Telenet. If Telenet is unable or chooses not to novate to a different counterparty, it would continue to face such risks. Furthermore, the underlying risks that are the subject of the relevant derivative contracts would no longer be effectively hedged due to the insolvency of Telenet's counterparty, unless and until Telenet novates or replaces the derivative contract.

Telenet is exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on its liquidity, financial condition and cash flows.

Telenet's operations are subject to macro-economic and political risks that are outside of its control. For example, high levels of sovereign debt in the U.S. and certain European countries, combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility, and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact Telenet. With regard to currency instability issues, concerns exist in the euro zone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European Union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual euro zone countries. The realization of these concerns could lead to the exit of one or more countries from the European Union and the re-introduction of individual currencies in these countries or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion or, in the extreme case, all of Telenet's euro denominated assets, liabilities and cash flows to the new currencies. In addition, the capital market disruption that would likely accompany any such redenomination event could have a material adverse impact on Telenet's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within euro zone countries such as Belgium, which in turn could have an adverse impact on demand for Telenet's services, and accordingly, on Telenet's revenue and cash flows. Moreover, any changes from the euro to a non-euro currency in Belgium would require Telenet to modify its billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow Telenet to timely bill its customers or prepare and file required financial reports. In light of the significant exposure that Telenet has to the euro through its euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on Telenet.

Risks Relating to Telenet's Business, Technology and Competition

The Belgian internet, data and telephony industries are highly competitive and the television industry has become more competitive, which could have a material adverse effect on Telenet's business.

Telenet faces significant competition from established and new competitors who provide television, internet, data and telephony services using DSL, public switched telephone network ("PSTN") or fiber connections. In some instances, Telenet competes against companies with easier access to financing, more comprehensive product ranges, greater personnel resources, wider geographical coverage, greater brand name recognition and experience or longer established relationships with regulatory authorities and customers. These companies may in some cases have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own direct access network, or are not subject to obligations applicable to operators with "significant market power" as defined in Directive 2002/21/EC of the European Parliament and of the Council of March 7, 2002 on a common regulatory framework for electronic communications networks and services ("SMP"). The EU legal framwork has been updated in 2009 to reflect technological and other developments. Obligations for operators with SMP may include pricing restrictions or the obligation to provide access to the network. Other emerging technologies include broadcasts that are delivered "over the top" of an existing broadband network, which allows content providers to directly reach consumers through media such as the broadcaster's website or online aggregators of content. The full extent to which these alternative technologies will compete effectively with Telenet's cable television system may not be known for several years.

Telenet's largest competitor is Belgacom, the incumbent telephony provider in Belgium, which offers its residential and business customers a suite of products and services that is comparable to those offered by Telenet. This competition can make it difficult for Telenet to attract new customers and retain existing customers, thereby increasing Telenet's churn levels. Increased competition, tiered offerings that include lower priced entry level products, and special promotions and discounts for customers who subscribe for multiple services from Telenet may contribute to increased average revenue per unique customer, but will likely reduce Telenet's average revenue per user on a per-service basis for each of its telephony, broadband internet and premium cable television services.

Telenet expects competition to continue to increase amid the growing exploitation of legislation in Belgium that permits certain service providers to market a combination of television, internet and telephony products and services (a "bundle") for an aggregate price which is lower than the price of the individual products and services in the bundle. In addition, Telenet expects additional competitive pressure to result from the convergence of broadcasting and communication technologies, as a result of which other participants in the Belgian media and telecommunications industries may seek to offer a package of fixed and mobile voice, internet and video broadcast services in competition with Telenet. Separately, Belgacom has started offering certain of its services at a substantial discount when subscribing to multiple services, thereby reducing the cost of subscribing to its individual services. These competitive forces may create further downward pressure on prices, which may result in a decrease of Telenet's average revenue per subscriber. These forces could also increase the rate at which Telenet lose subscribers, and increase its cost of providing content for its cable television subscribers. In addition, Telenet may bear higher costs if it introduces new products or services to maintain or improve its competitive positioning and reduce subscriber churn. In combination with difficult economic environments, these competitive pressures could adversely impact Telenet's ability to increase, or in certain cases, maintain its ARPUs, RGUs, operating cash flows and liquidity.

Internet. Telenet's residential high-speed broadband internet service competes with companies including Belgacom, that provide high-speed broadband access over DSLs, as well as companies that provide lower-cost (or even free), slower connections to the internet over traditional telephone lines. Belgium has recently seen the development of more sophisticated product and pricing tiers in the internet market, with competitors offering a range of products with different download speeds, data transfer limits and other value added services. Continued upgrades to the quality of DSL-based broadband internet service to very-high-bitrate DSL ("VDSL") and potentially even faster DSL variants and the possibility of widespread fiber-to-the-home installations, while time consuming and expensive, would have a negative impact on Telenet's competitive position in the broadband internet market. Certain fixed and mobile voice operators in Belgium offer DSL services and there can be no guarantee that others may seek to also compete with Telenet's broadband internet services using DSL in the near future. Moreover, mobile operators are increasingly able to utilize a combination of increasingly powerful handsets and high bandwidth technologies such as universal mobile telecommunications system ("UMTS") and LTE technologies. Additional competition may come from satellite technologies and operators that use WiMax technologies. As a result, Telenet expects competition, including price competition, from current providers, new startups and other companies to increase in the future. Telenet cannot assure you that the tiered offerings and other measures that it has introduced in response to these developments will be successful in attracting and retaining customers.

Fixed-Line Telephony. Competition in providing fixed-line residential telephony service is intense, with providers introducing substantial price reductions over the years. Belgacom, Telenet's principal competitor in the Flemish residential market, has an extensive telephone network throughout Belgium, strong market knowledge, high brand recognition and substantial capital resources. As of December 31, 2011, Belgacom held a market share of approximately 69% in the Belgian fixed-line telephony market according to data gathered by the Belgian Institute for Postal Services and Telecommunications (*Belgisch Instituut voor Postdiensten en Telecommunicatie/Institut belge des services postaux et des télécommunications*) ("BIPT"). In addition, although Belgacom is Telenet's major competitor, Telenet depends on Belgacom to provide certain services to its customers, including number portability, and to connect calls made by Telenet's customers to customers of Belgacom. Telenet's current proceedings against Belgacom, or future proceedings between Telenet and Belgacom, or other factors may adversely affect Telenet's relations with Belgacom and negatively impact its competitive position. See "*Description of Telenet's Business—Legal Proceedings.*" Belgacom has also applied resources to "win-back" activities that can entice Telenet's existing telephony customers, as well as prospective telephony customers, to return or remain with Belgacom by offering certain economic incentives. Although Telenet's market share in this segment is increasing, it may not have the resources of, or benefit from the economies of scale available to Belgacom.

Mobile telephony services, including those offering advanced higher speed, higher bandwidth technologies and MVNOs, contribute to the competitive pressures that Telenet faces. In the past, Belgian mobile operators have engaged in "cut the line" campaigns and used attractive mobile calling tariffs to encourage customers with both fixed-line and mobile services to retain only their mobile services. According to the European Commission's e-communications household survey for the period February-March 2011, approximately 34% of households in Belgium used only a mobile telephone line, and did not pay for a fixed-line service, as compared to a European average of 27% for the comparable period. This substitution, in addition to the increasing use of alternative communications technologies, may negatively affect Telenet's fixed-line call usage volumes and subscriber growth.

The ongoing unbundling of the Belgacom "local loop", the network element used to connect a subscriber to the nearest switch or concentrator on the network, the use of carrier preselect services that allow entities to provide telephony services over the networks of other operators and the introduction of new technologies, including variations of the VoIP standard, such as voice-over-internet ("VON"), may also increase the number of competitors, as it has done in other countries. As new competitors and new technologies enter the market and prices decrease in line with the downward pressure on telephony prices experienced elsewhere in Europe, Telenet's telephony business may become less profitable and experience a decline in revenues and market share. In addition, Telenet may be forced to respond to such developments by investing resources into its own product development initiatives, which may be costly and ultimately unsuccessful.

Mobile Telephony. Telenet's mobile telephony service, which it offers on an MVNO basis, competes with three principal mobile network operators in Belgium, who between them are currently estimated to directly represent over 90% of the total market for mobile telephony services in Belgium. As such, their brand names are better recognized as mobile telephony providers than Telenet's brand, they have better established sales, marketing and distribution, and are more experienced in the provision of mobile telephony services. Telenet began operating as a Full-MVNO in the fourth quarter of 2010, but expects that it will continue to face the challenge that the brand names of its competitors are better recognized as mobile telephony providers and that these competing providers are part of larger, more established companies than Telenet.

Moreover, there is an increasing number of MVNOs in addition to Telenet operating on the Belgian market, including important content providers. Content providers are increasingly looking for preferred partnerships with mobile networks to distribute their content, on a tailored basis, to such mobile network providers' customers. Such preferred partnerships may strengthen the competition by such mobile network providers with Telenet's MVNO mobile offer.

Cable Television. The Belgian television market is characterized by very high penetration rates and an increasing emphasis on new television technology, in particular digital, HD and interactive television services such as video-on-demand, requiring high-bandwidth and bi-directional distribution platforms. The DSL-networks use IP-protocol to deliver the digital television service ("IPTV"). Belgium was one of the first European countries to deploy cable networks, doing so as early as the 1970s, and, as a result, other means of television delivery such as satellite and terrestrial broadcasters are less popular in Belgium than they are in other European countries. Cable is the most commonly used transmission medium for television services in Belgium. The advent of new technology in the provision of cable television has given rise to new competitors seeking to offer varied and enhanced offerings and Telenet cannot assure you that it will be able to remain competitive.

With the acquisition of the cable television activities of the PICs and Interkabel in October 2008, Telenet has offered cable services across all Flanders and part of Brussels since the end of 2008 via a traditional cable network. Because Telenet's footprint now includes Brussels, which is a predominantly French-speaking area, Telenet must offer services in French as well as Dutch in order to appeal to customers in this area. Although Telenet has negotiated rights to a range of French content, it believes that it is perceived as a Flemish company and that this may induce subscribers in this area to consider alternative providers of television programming.

Telenet therefore expects increasing competition in the provision of television services in the future, especially if the CRC decision on access to the cable would not be suspended or annulled. See "*Risk Factors—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which it operates*." For example, Mobistar began offering television services as from October 2010 bundled with fixed and mobile telephony services and a broadband subscription over ADSL. In order to remain competitive, Telenet is focused on developing new services for its subscribers and on updating and developing its products. Such new developments may involve substantial costs and Telenet cannot be certain that it will achieve a return on such investments. Telenet introduced HD programming to its subscribers, which required investments in new set-top box technology, distribution technology and the negotiation of appropriate content contracts. Telenet began offering set-top boxes on a rental basis, whereas previously it had only sold set-top boxes. Despite these developments it is introducing, Telenet expects to face continued competition from DSL, multi channel satellite, digital terrestrial and other means of delivering multiple programming. If demand for Telenet's products were to shift, it might not be able to reach certain minimum requirements set out in some contracts with broadcasters and studios pursuant to which it has to pay minimum fees regardless of the number of subscribers. In addition, it is expected that other forms of television offerings will become more important in Belgium in the years ahead, such as Over The Top Television ("OTT") and mobile television, provided by financially strong companies, including Google, Apple, Proximus, Mobistar and KPN.

Bundled offerings. Customers of video and telecommunications services are increasingly expecting service providers to offer high quality bundles of television, broadband internet and telephony services at discounted prices. Many of Telenet's competitors, including Belgacom and Mobistar, offer bundled packages of services. Several of these bundles include mobile phone services, which Telenet does not yet offer in a bundled package of services. If Telenet's bundled products are not able to compete effectively in the marketplace, its business, financial condition and results of operations could be materially adversely affected.

Business Services. Competition in the provision of internet, data and voice products to business customers is intense. Belgacom, several local telephony operators and several international telephony operators rank among Telenet's competitors. In addition to competitive activity, Telenet continues to see challenges in this segment of the market as a result of price erosion in existing products and the need to invest in new product development to satisfy the evolving preferences of prospective customers.

Competition can make it difficult to attract new customers and retain existing customers, thereby increasing churn levels, and may lead to increased price pressure. There can be no assurance that Telenet will be able to compete successfully against its current or future competitors in any of its businesses. Telenet's failure to do so could have a material adverse effect on its business, financial condition and results of operations.

Telenet's growth prospects depend on a continued demand for cable and telecommunications products and services and an increased demand for bundled offerings, as well as economic developments in Belgium.

The use of internet, television and telephony services in Belgium has increased sharply in recent years. Telenet has benefited from this growth in recent years and its growth and profitability depend, in part, on a continued demand for these services in its franchise area in the coming years. In particular, if demand for multiple-play products does not increase as expected, this could have a material adverse effect on Telenet's business, financial condition and results of operations.

Moreover, within Belgium, Telenet operates exclusively in Flanders and part of Brussels and its success is therefore closely tied to general economic developments in those areas and cannot be offset by developments in other markets. Negative developments in, or the general weakness of, the Belgian economy, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of Telenet's revenue is derived from residential subscribers who may be impacted by these conditions, it may be (i) more difficult to attract new subscribers, (ii) more likely that certain of its subscribers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. In addition, Telenet can provide no assurances that a further deterioration of the economy will not lead to a higher number of non-paying customers or generally result in service disconnections. Therefore, a weak economy and negative economic development may jeopardize Telenet's growth targets and may have a material adverse effect on its business, financial condition and results of operations.

Customer churn, or the threat of customer churn, may adversely affect Telenet's business.

Customer churn is a measure of the number of customers who stop subscribing for one or more of Telenet's products or services. Churn arises mainly as a result of competitive influences, relocation of subscribers, deterioration of personal financial circumstances and price increases. In addition, Telenet's customer churn rate may also increase if it is unable to deliver satisfactory services over Telenet's network. For example, any interruption of its services or the removal or unavailability of programming, which may not be under Telenet's control, could contribute to increased customer churn. Increased customer churn may have a material adverse effect on Telenet's business, financial condition and results of operation.

Moreover, the 2012 Law has inserted certain provisions in the Electronic Communications Law aimed at the protection of end users of electronic communications services, including (i) the right for customers to terminate their contracts with the relevant providers at any time, and without any compensation to the provider if such termination occurs more than six months after the entry into the agreement, (ii) duration limitations for agreements entered into with end users and (iii) a requirement for uniform presentation of tariff plans facilitating comparison between operators (and thus facilitating decisions to churn). This provision, which has created pressure on operators, including Telenet, to allow subscribers to terminate contracts at any time, without compensation being due as of October 1, 2012, along with other consumer protective obligations introduced by the 2012 Law, may potentially give rise to increases in Telenet's customer churn rate.

Telenet may not report net profit.

Telenet reported net profit of €25.0 million and €58.5 million for the six months ended June 30, 2012 and 2011, respectively. For the years ended December 31, 2011, 2010 and 2009, respectively, Telenet reported a net profit of €16.8 million, €89.3 million and €233.1 million. Unrealized losses on derivative financial instruments as a result of reductions in the fair value of Telenet's instruments, higher interest expenses and higher depreciation and amortization charges have been offset by sustained growth in the Company's Adjusted EBITDA. Nevertheless, Telenet cannot assure you that it will report net profit in future years.

Telenet's business is capital intensive and its capital expenditures may not generate a positive return or it may be unable or unwilling to make additional capital expenditures.

The television, broadband internet and telephony businesses in which Telenet operates are capital intensive. Significant capital expenditures are required to add customers to Telenet's networks and to upgrade Telenet's networks to enhance its service offerings and improve the customer experience, including expenditures for equipment and labor costs. No assurance can be given that Telenet's future capital expenditures will generate a positive return or that it will have adequate capital available to finance such future upgrades. If Telenet is unable to, or elects not to, pay for costs associated with adding new customers, expanding or upgrading its networks or making its other planned or unplanned capital expenditures, Telenet's growth and its competitive position could be materially adversely affected.

If Telenet fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made.

Telenet's business is characterized by rapid technological change and the introduction of new products and services. If any new or enhanced technologies, products or services that Telenet introduces fail to achieve broad market acceptance or experience technical difficulties, its revenue growth, margins and cash flows may be adversely affected. As a result, Telenet may not recover investments that it makes in order to deploy these technologies and services. In addition, enhanced television, telephony, internet and data services provided by competing operators may be more appealing to customers, and new technologies such as voice over internet telephony may enable Telenet's competitors to offer not only new services, but to also offer existing standard services at lower prices. See "*—The Belgian internet, data and telephony industries are highly competitive and the television industry has become more competitive, which could have material adverse effects on Telenet's business*". Telenet may not be able to fund the capital expenditures necessary to keep pace with technological developments. Telenet's inability to obtain the funding or other resources necessary to expand or further upgrade its systems and provide advanced services in a timely manner, or successfully anticipate the demands of the marketplace, could adversely affect its ability to attract and retain customers and generate revenue.

As the number of Telenet's customers and the services that it offers its customers increases, the complexity of its product offerings and network architecture also increases, as does network congestion. A failure to manage the growth and complexity of Telenet's network could lead to a degradation of service and network disruptions that could harm its reputation and result in a loss of subscribers. For example, while Telenet continues to promote a rapid take up of its iDTV service, it faces potential risks in securing the required customer set-top box equipment to maintain this roll out. Although Telenet is in the process of securing additional suppliers of set-top boxes, it currently relies on a single provider of set-top boxes to provide it equipment that is compatible with the conditional access software and related security features that have been deployed on Telenet's network. Currently, Telenet has a sufficient supply of these boxes available, but a future shortage may involve significant delays in seeking an alternative supply, may constrain its ability to meet customer demand and may result in negative customer reactions. Telenet is also dependent on other suppliers who are contributing products and services which are required for the implementation and operation of its iDTV service, and on the performance of partners with whom it expects to work. Although many of Telenet's iDTV products and services are built on standardized platforms, they have been adapted or tailored to Telenet's network and the offering it has designed, as a result of which it faces the risk of any newly implemented technology that there may be unexpected operational issues that arise. If Telenet was to experience a breakdown of equipment or technology that it cannot timely repair, it might lose subscribers. In addition, some studios or broadcasters would be entitled to terminate their content supply agreements with Telenet in case of a continuing breakdown of its equipment.

Telenet anticipates that over time, new products and services it may introduce will require upgraded or new customer premise equipment, which may therefore constrain Telenet's ability to market and distribute such new services. For example, Telenet does not expect that previously installed internet modems or set-top boxes will be able to support all the enhancements it may introduce to its internet or iDTV services over time. A portion of Telenet's subscribers will therefore require some form of upgrade or potentially a replacement of their customer premise equipment. Implementing such upgrades may entail additional costs to Telenet and therefore reduce its cash flow and profitability, particularly where customers rent such customer premise equipment from Telenet.

While Telenet has fully migrated from an MVNO service arrangement with Mobistar to a Full-MVNO that involves greater involvement and control of the service on Telenet's part, Telenet still has limited experience in mobile network operations and, even under the Full-MVNO, will not have overall responsibility for the mobile network infrastructure. Problems may arise which either Telenet cannot control or which it is not able to remedy for other reasons, which may have material adverse financial, operational and reputational effects for Telenet.

Under the Renewed MVNO, Telenet's ability to comply with applicable regulatory requirements for electronic communications providers may also in some cases depend on Mobistar's compliance.

Telenet has entered into a number of long-term supply agreements in support of its Full-MVNO offering which exceed the duration of its Renewed Full-MVNO Agreement. Therefore, if the Renewed Full-MVNO Agreement is terminated early or not extended at the expiry of its five-year term, Telenet may incur costs that are not offset by any corresponding revenue.

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet initially provided this service through an MVNO partnership with Mobistar NV ("Mobistar"), the second largest mobile operator in Belgium, providing Telenet's customers with all network services as well as access to Mobistar's mobile telecommunications network. In February 2009, Telenet signed a broader agreement with Mobistar (the "Initial Full-MVNO Agreement"), 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 mobile network. 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 spectrum in the 900 MHz band and 10 MHz of paired 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 Long-Term Evolution ("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 launch a commercial offer by January 2013 and 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. If Telenet Tecteo Bidco NV fails to meet these commercial offer and coverage obligations, its usage rights may be withdrawn.

At the end of November 2011, the BIPT organized the auction procedure for spectrum licenses in the 2.6 GHz band (4G licenses or LTE). Following this auction, which delivers user rights for a period of fifteen years starting from July 1, 2012, Belgacom, Mobistar and Base acquired 4G licenses. The fourth 4G license has been acquired by a new foreign entrant, BUCD. If this new entrant, with higher capital resources and a wider geographical coverage, is successful in swiftly deploying its 4G/LTE capacity, this could have a negative impact on the development of Telenet's mobile business.

If Telenet is not successful in developing a high quality mobile offering, it may not be competitive compared to operators such as Belgacom who are able to offer customers an integrated and fully converged suite of mobile and fixed-line telephony, internet and television services or mobile operators who could offer such a suite of services after having received access on Telenet's cable network (in particular if the July 2011 Decision from the CRC will be implemented). Other than the acquisition of a spectrum license or the acquisition of, or business combination with, an existing network provider, only the Full-MVNO allows Telenet to enjoy the advanced control of a mobile telecommunications network necessary to have full control over pricing and therefore be competitive in the mobile market.

Based on the limited experience Telenet has had offering mobile telephony services, Telenet cannot assure you that mobile services will have a positive financial impact on its business.

If Telenet is unable to obtain attractive programming or necessary equipment and software on satisfactory terms for its digital cable television services, the demand for these services could be reduced, thereby lowering revenue and profitability.

Telenet relies on digital programming suppliers for the bulk of its programming content. Telenet may not be able to obtain sufficient high-quality programming for its digital cable television services on satisfactory terms or at all in order to offer compelling digital cable television services. This may also limit Telenet's ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting its ability to execute its business plans. Furthermore, Telenet may not be able to obtain attractive French language programming for video services in the parts of Brussels that its network includes. In addition, "must carry" requirements may consume channel capacity otherwise available for other services. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, Telenet's digital cable television services. Further, Telenet may not be able to obtain the equipment, software and services required for its businesses on a timely basis or on satisfactory terms. Telenet depends on third-party suppliers and licensors to supply its equipment, software and certain services. If demand exceeds these suppliers' and licensors' capacities or if they experience financial difficulties, Telenet's ability to provide some services may be materially adversely affected, which in turn could affect its ability to attract and retain customers.

The success of Telenet's basic and premium cable television services depends on access to an attractive selection of television programming from content providers. The ability to provide movie, sports and other programming, including soccer broadcast rights, is a major factor that attracts subscribers to television services, especially premium services. Historically, as the principal supplier of television broadcast services in Flanders, Telenet has negotiated transportation and distribution agreements with various broadcasters and other providers of content over its broadband cable network. Several of Telenet's competitors, however, including Belgacom and Mobistar, have launched their digital television services in Belgium, which may make it more difficult for it to procure content for both its premium and basic cable service on favorable terms, or at all.

In June 2011, Telenet acquired certain exclusive broadcasting rights for the Belgian football championship for the three seasons starting July 2011 (which rights it has partly sublicensed to Tecteo, RTBF and VMMa). As a result, Telenet was able to select and exclusively broadcast the three most important league matches of the Jupiler Pro League on the Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet will be able to broadcast all league matches, including the five remaining matches on a non-exclusive basis, which may drive incremental subscriber growth. However, if Telenet misjudges anticipated demand for this type of sports content, Telenet's profitability may be impaired. Moreover, Telenet may face competition (including from international content providers) in the acquisition of the broadcasting rights for the seasons starting July 2014, so it is not certain that it will be able to maintain the broadcasting of the league matches.

Some of Telenet's programming contracts require it to pay prices for the programming based on a guaranteed minimum number of subscribers, even if that number is larger than the number of actual subscribers. As a result, if Telenet misjudges anticipated demand for the programming, the profitability of Telenet's service may be impaired.

Certain of Telenet's digital distribution agreements with VMMa, one of Belgium's largest broadcasters, have expired and while both parties have currently continued to execute such agreements notwithstanding their expiration, new agreements will need to be negotiated in the near future. Such negotiations have been complicated in light of (i) potential legislation requiring such local broadcasters' approval for any functionality in set-top boxes offered to end users that could affect the linear broadcasting of programs and (ii) requests from broadcasters to substantially modify the terms of the existing content agreements. Similar issues have arisen or may arise in Telenet's relationship with other Flemish broadcasters, including SBS.

Failure in Telenet's technology or telecommunications systems could significantly disrupt its operations, which could reduce Telenet's customer base and result in lost revenue.

Telenet's success depends, in part, on the continued and uninterrupted performance of its information technology and network systems as well as its customer service centers. The hardware supporting a large number of critical systems for Telenet's cable network is housed in a relatively small number of locations. Telenet's systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and natural disasters. Moreover, despite security measures, Telenet's servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautions Telenet has taken, unanticipated problems affecting its systems could cause failures in its information technology systems or disruption in the transmission of signals over Telenet's network. Sustained or repeated system failures that interrupt Telenet's ability to provide service to its customers or otherwise meet its business obligations in a timely manner would adversely affect Telenet's reputation and result in a loss of customers and net revenue. Moreover, if Telenet does not succeed in remedying these failures, certain studios and broadcasters would be entitled to terminate their content supply agreements with Telenet.

If any part of Telenet's network, including the Telenet Group's information technology systems, is subject to a flood, fire or other natural disaster, terrorism, a computer virus, a power loss, other catastrophe or unauthorized access, Telenet's operations and customer relations could be materially adversely affected. Although Telenet's network is built in resilient rings to ensure the continuity of network availability in the event of any damage to its underground fibers, if any ring is cut twice in different locations, transmission signals will not be able to pass through, which could cause significant damage to Telenet's business. In the event of a power outage or other shortage, Telenet does not have a back-up or alternative supply source for all of its network components.

Additionally, Telenet's business is also dependent on certain sophisticated critical systems, including Telenet's switches, billing and customer service systems, which could be damaged by any of the aforementioned risks. For example, if Telenet experiences problems in the operation of its billing systems, it may be difficult to resolve the issue in a timely and cost effective manner. In addition, the hardware that supports Telenet's switches, billing and customer service systems is housed in a relatively small number of locations and if damage were to occur to any of such locations, or if those systems develop other problems, it could have a material adverse effect on Telenet's business. Moreover, Telenet may incur liabilities and reputational damages to the extent that any accident or security breach results in a loss of or damage to customers' data or applications, or inappropriate disclosure of confidential information.

Telenet is not insured against war, terrorism (except to a limited extent under its general property insurance) and cyber-risks and does not insure the coaxial portion of its network. Any catastrophe or other damage that affects Telenet's coaxial network could result in substantial uninsured losses. In addition, disaster recovery, security and service continuity protection measures that Telenet has or may in the future undertake, and its monitoring of network performance from its network operating center in Mechelen, may be insufficient to prevent losses.

In addition, although so far no incidents have occurred in numbers that are statistically significant, Telenet's technical equipment has been and may continue to be subject to occasional malfunctioning due to technical shortcomings or imperfect interfaces with equipment in private homes, the networks of other operators or Telenet's own network or with other surrounding equipment. Telenet might incur liabilities or reputational damages as a result thereof.

Telenet's owned network prior to its acquisition of the television business of the PICs and Interkabel in October 2008 combined with the Partner Network (the "Combined Network") and related systems depend on equipment and service suppliers that may discontinue their products, provide poor services or seek to charge Telenet prices that are not competitive, all of which may adversely affect its business and profitability.

Telenet has important relationships with several suppliers of hardware and services that it uses to operate its network. Telenet is also dependent on suppliers for equipment installed at its subscribers' premises and for services it offers its customers. In many cases, Telenet has made substantial investments in the equipment or software of a particular supplier, making it difficult for it to change supply and maintenance relationships in the event that Telenet's initial supplier refuses to offer it favorable prices or ceases to produce equipment or provide the support that Telenet's network requires. For example, Telenet historically experienced delays and increased costs as a result of issues with one of its network equipment suppliers, which required it to select an alternative supplier. See "*—If Telenet fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenues may be adversely affected and it may not be able to recover the cost of investments that it has made*." Telenet cannot assure you that future shortages will not arise. Several of Telenet's supply agreements contain minimum volume commitments. If Telenet fails to purchase products in accordance with these commitments it may have to pay damages to its suppliers. Furthermore, if Telenet engages in a dispute with one of these suppliers, its services could be disrupted. Most of Telenet's supply agreements, such as its supply agreement for set-top boxes, are concluded for unlimited duration, entitling its suppliers to terminate their contract with Telenet at any time with reasonable prior notice.

Telenet depends on the supplier to which it outsourced certain services, including the management and content supply of PRIME, adult channels and VOD, for the delivery of those services. The outsourcing agreement does not provide for a minimum volume commitment as such, but Telenet has to pay minimum fees to that supplier regardless of the number of services purchased by its clients. If the demand for those services were to drop, those minimum fees would still be due to the outsourcee. Moreover, if the outsourcing agreement were to be terminated, it is likely that Telenet could not restart offering the relevant services independently without some delay, given the assets, agreements and employees transferred in the framework of the outsourcing process.

Telenet also depends on subcontractors to install a substantial majority of its iDTV, internet and telephony equipment in customer homes, and relies on sales forecasts and supply chain management processes to ensure that it has the necessary levels of equipment and staffing to meet customer demands. If Telenet subcontractors do not satisfy Telenet's quality standards or if Telenet's forecasting and other logistics systems prove erroneous, Telenet may have difficulty obtaining needed equipment and staffing within required periods, which could have a material adverse effect on Telenet's ability to attract and retain customers and generate revenue.

Third parties may claim that Telenet infringes their intellectual property rights.

The fact that Telenet has received ownership of, and licenses under, certain intellectual property rights from its contract partners is no guarantee that its activities do not infringe the intellectual property rights of third parties. The various Belgian laws relating to intellectual property, the international treaties valid in Belgium, and the Belgian code of civil procedures, all contain provisions allowing the proprietor of an intellectual property right to request the Belgian courts to grant various enforcement measures. Examples include (i) measures relating to the gathering and protection of evidence (such as the unilateral appointment by the courts of an expert with a mission to (amongst others) describe the alleged infringing goods), (ii) provisional and precautionary measures (such as a court order to provisionally stop the commercialization of the alleged infringing goods, under a penalty), (iii) corrective measures (such as a recall from the channels of commerce) or (iv) damages. In addition, the Belgian laws also provide for penal sanctions (fines and even imprisonment) for certain specific infringements (e.g. malicious or fraudulent copyright infringement). If a third party claims that Telenet has infringed its intellectual property rights, this may have an adverse effect on its ability to market certain of its products or specific parts thereof. In addition, Telenet might incur liabilities or reputational damages as a result thereof.

Telenet may experience capacity constraints on the Partner Network, which could adversely affect its business operations and provision of services to its customers.

Before Telenet acquired the usage rights on the Partner Network through the PICs Agreement, each of the PICs was responsible for the development and maintenance of its own part of the Partner Network. Telenet has determined that not all parts of the Partner Network were equally developed, which could lead to capacity constraints on certain parts of the Partner Network in the event of increased network usage. Telenet will exercise its contractual rights under the PICs Agreement to require the relevant PICs to take the relevant improvement actions in order to avoid a possible future degradation of service that may arise as a result of increased network usage resulting in congestion. To the extent that the relevant PICs cannot successfully or in a timely manner take such actions and Telenet has exhausted its other means to resolve network congestion issues, Telenet expects that certain areas on the Partner Network would begin to experience congestion, resulting in a deterioration in the quality of service that it is able to provide its customers and possibly damaging Telenet's reputation and constraining its ability to add new customers in the affected areas.

Telenet may pursue acquisitions that, if consummated, may adversely affect its business if it cannot integrate these new operations.

Historically, Telenet's business has grown, in part, through selective acquisitions that enabled it to take advantage of existing networks, service offerings and management expertise. Although Telenet does not presently intend to pursue any significant acquisitions in the near future, Telenet expects to continue to evaluate opportunities to grow its business through acquisitions that it believes could create synergies and strengthen its market position, among other perceived benefits. Any acquisition Telenet may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expense and amortization expenses related to goodwill and other intangible assets or in the use by Telenet of available cash on hand to finance any such acquisitions. Telenet may experience difficulties in integrating acquired operations into its business, incur higher than expected costs and not realize all the benefits of these acquisitions, if any. In addition, Telenet's management may be distracted by such acquisitions and the integration of the acquired businesses. Thus, if Telenet consummates any future acquisitions, there could be a material adverse effect on its business, financial condition or results of operations. In addition, Telenet's debt burden may increase if it borrows funds to finance any future acquisition, which could have a negative impact on its cash flows and its ability to finance its overall operations. Telenet cannot also assure you it will be successful in completing business acquisitions.

Difficult economic conditions may reduce subscriber spending for Telenet's video, internet and telephony services and reduce Telenet's rate of growth of subscriber additions.

The current macroeconomic environment is highly volatile, and continuing instability in global markets, including the ongoing turmoil in Europe related to sovereign debt issues and the stability of the euro, has contributed to a global economic downturn. Future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the European Commission to address debt burdens of certain countries in Europe and the overall stability of the euro zone. As a result, Telenet cannot predict how long these challenging conditions will exist or the extent to which the markets in which it operates may further deteriorate. Additional risks arising from the ongoing turmoil in Europe are described below under "*Telenet is exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on its liquidity, financial condition and cash flows*".

Because a substantial portion of Telenet's revenue is derived from residential subscribers who may be impacted by these conditions, it may be (i) more difficult to attract new subscribers, (ii) more likely that certain of Telenet's subscribers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. Accordingly, Telenet's ability to increase, or in certain cases, maintain the revenue, ARPU, RGUs, operating cash flow, operating cash flow margins and liquidity could be adversely affected to the extent that relevant economic environments remain weak or decline further. Telenet is currently unable to predict the extent of any of these potential adverse effects.

Telenet's brand is subject to reputational risks.

Telenet is a well-recognized brand in Telenet's franchise area. Telenet has developed its brand through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Telenet's brand represents a material and valuable asset to Telenet.

Although Telenet tries to manage its brand, it cannot guarantee that its brand will not be damaged, notably by circumstances that are outside its control or by third parties (e.g., hackers, sponsorees, or interfaces with its clients, such as subcontractors' employees or sales forces) with a resulting negative impact on Telenet's business, results of operations and financial condition.

Risks Relating to Legislative and Regulatory Matters

Telenet is subject to significant government regulation and supervision, which could require it to make additional expenditures or limit its revenues and otherwise adversely affect its business.

Telenet's activities as a cable television and telephony operator in Flanders and part of Brussels are subject to regulation and supervision by various regulatory bodies, including local, Flemish and national authorities and the EU. These regulations may increase Telenet's administrative and operational expenses and limit its revenues. Telenet's digital cable television, internet and data business may also become subject to increasing risks and regulations. See "*Description of Telenet's Business—Regulation*".

Telenet is subject to, among other things:

- price regulation for certain services that it provides;
- rules governing the interconnection between different telephone networks and the interconnection rates that it can charge and that it pays;
- rules and remedies imposed on electronic communications services providers with SMP;
- risk of regulatory authorities granting third parties access to its network;
- requirements that, under specified circumstances, a cable system carry certain broadcast stations or obtain consent to carry a broadcast station;
- rules for authorizations, licensing, acquisitions, renewals and transfers of licenses;
- rules and regulations relating to subscriber privacy;
- requirements that it provide or contribute to the provision of certain universal services, including requirements to provide certain "social" tariffs;
- taxes imposed on its public rights of way; and
- other requirements covering a variety of operational areas such as land use and environmental protection, moving the cables in its network underground, equal employment opportunity, technical standards and subscriber service requirements.

Telenet also offers new products in emerging areas, such as mobile broadband, that are not currently subject to extensive regulation. Changes in applicable law, regulations or government policy (or in the interpretation of existing laws or regulations) could greatly influence Telenet's viability and how it operates its business and introduce new products and services. Telenet's business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators.

In addition, pursuant to the Electronic Communications Law as amended by the 2012 Law, all providers are required to contribute to the funding of universal services. Contribution is made to a universal service fund managed by the BIPT. When requested to do so, Telenet expects that it could be required to contribute up to €4.5 million annually for the part of the universal service fund relating to social tariffs (fixed and mobile telephony and internet) and €0.6 million annually for the part of the universal service fund relating to public pay phones. No payments have yet been made to the fund with respect to social tariffs (fixed and mobile telephony), since part of the relevant Belgian legislation was successfully contested by the European Commission before the European Court of Justice following a challenge of the 2005 Electronic Communications Law (before it was amended by the 2012 Law) filed by Base (part of the KPN group), KPN Belgium, Mobistar and others. The Belgian legislation was also the subject of a request for preliminary ruling by the Belgian Constitutional Court to the European Court of Justice. On October 6, 2010, the European Court of Justice issued the decisions in both matters with respect to the Belgian universal service legislation. The Court found that the Belgian legislation failed to provide a proper methodology for calculating the net costs of providing social tariffs. In particular, the Belgian legislation did not take into account the intangible benefits which may be derived from providing social tariffs, nor did it provide for the requirement to first specifically assess the net costs borne by the operators providing those universal services before finding that there is an unfair burden. The Belgian Constitutional Court, relying on the decision of the European Court of Justice, annulled, on January 27, 2011, the provisions of the law of April 25, 2007 regarding the methodology for calculating those net costs. The Belgian universal services legislation has been amended in this respect by the 2012 Law, taking into account that the assessment of "unfair burden" should be performed on a case-by-case basis. The Electronic Communications Law, as amended by the 2012 Law, may require operators (including Telenet) to retroactively pay compensation for Belgacom's alleged costs arising from the provision of the social element of the universal service for the period from mid-2005 to the present (if these costs are deemed to be an unfair burden for Belgacom). In such case, Telenet may have to pay up to €1.6 million for each year beginning from mid-2005. Such exposure would amount to nearly €9.5 million for the period between mid 2005 and the end of 2010. See "*Description of Telenet's Business—Regulation—Telephony Regulation—Universal Service*".

Telenet's ability to introduce new products and services may also be affected if it cannot accurately predict how existing or future laws, regulations or policies would apply to such products or services.

Current legislation has significantly altered the regulatory regime applicable to Telenet, which could adversely affect its competitive position and profitability.

As of June 30, 2005, the Electronic Communications Law made significant changes to the regulatory regime applicable to the provision of telephony, internet and certain interactive communication features in Telenet's iDTV services. Similarly, the Flemish decree of May 7, 2004, on certain aspects of radio and television (*Decreet houdende wijziging van sommige bepalingen van de decreten betreffende de radio-omroep en de televisie, gecoördineerd op 25 januari 1995, en van sommige andere bepalingen betreffende de radio-omroep en de televisie*) (the "2004 Framework Decree") made significant changes to the regulations governing Telenet's broadcasting activities. Both of these measures were adopted to implement the EU Framework Directive and the related EU Universal Service Directive, the EU Access Directive, the EU Authorization Directive, the EU Data Protection Directive on Privacy and Electronic Communications and the EU Competition Directive (collectively, the "EU Framework"). See "*Description of Telenet's Business—Regulation—The EU Framework*". Under the EU Framework, as implemented in Belgium, the BIPT and the Flemish media regulator (*Vlaamse Regulator voor de Media*) (the "VRM") may impose pricing restrictions and other requirements on entities which they deem to have SMP in any non-competitive relevant market in which those entities operate. This additional requirement could force Telenet to follow certain principles of transparency and non-discrimination, to grant others access to the networks that it uses and to apply cost allocation mechanisms and accounting separation between the different electronic communications services that Telenet provides. See "*—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which Telenet operates" and "Description of Telenet's Business—Regulation—Broadcast Regulation—Draft Decisions of the BIPT, the VRM, the CSA and the Medienrat*".

The Flemish government implemented EU Directive 2007/65/EC on audiovisual media services into Flemish legislation on March 27, 2009. This directive amends the former EU Directive 89/552/EEC on television without frontiers, and this directive has since been codified in EU Directive 2010/13/EU of the European Parliament and of the Council of March 10, 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in EU member states concerning the provision of audiovisual media services (codified version) (the "AVMS Directive"). The most relevant changes are the extension of the scope of the previous directive to all types of TV-like services, which permits a fair competition between all audiovisual media services. The AVMS Directive covers not only linear services (i.e., television broadcasting) but also—with some lighter rules—non-linear services (i.e., on-demand services provided for the viewing of programs at the moment chosen by the user at request and on the basis of a catalogue of programs). As VOD services were already regulated by Belgian media law, especially in Flanders, the transposition of AVMS Directive has not caused a significant change in regulation of VOD services. Advertising revenues remain the main source of financing free-to-air television programs. The update of these rules allows broadcasters to operate in a more sustainable way. The AVMS Directive lifts certain advertisement restrictions such as product placement advertising. See "*Description of Telenet's Business—Broadcasting Regulation—Overview*".

Directive 2009/140/EC, implemented into Belgian legislation by the 2012 Law, provides that national regulators for telecommunications, such as the BIPT, are required to promote net neutrality principles. These principles provide that internet service providers may not block data transmissions traffic on the internet. Such net neutrality principles might have the effect of reducing Telenet's ability to manage its network's resources in an effective manner and might possibly cause congestion or prevent it from using its bandwidth in ways that would generate maximum revenue. Furthermore, in the latest Flemish government coalition agreement a reference is made to the establishment of a local audiovisual media contribution (a type of tax) by distribution platforms, such as cable, satellite and IPTV. Although nothing has been initiated yet, Telenet expects a government initiative in this context.

The Flemish Parliament is considering to insert a provision in the Flemish Decree of March 27, 2009 requiring the consent of the broadcasters for any functionality that a service provider (such as Telenet) offers to its end users in respect of any linear broadcasts from such broadcasters. This proposed Decree aims in particular to target the "fast forward" function on set-top box devices, which allows end users to skip advertisement during delayed viewing of broadcasts (thereby reducing certain broadcasters' advertising income). Telenet expects that the advice of, respectively, the Council of State and the Strategic Advisory Council for Culture, Youth and Media (the *Strategische Adviesraad voor Cultuur, Jeugd en Media*) will first be obtained in respect of this proposed Decree, so that it will be treated in the Flemish Parliament in October 2012 at the earliest. While it is not certain that the proposed Decree will be adopted in its current form, Telenet believes that similar or related legislation may impact negotiations with broadcasters for new or renewed broadcasting agreements, and may have an adverse effect on Telenet's business in terms of additional payments due to broadcasters and/or to technical adjustments to equipment to be made. See "*Risk Factors—If Telenet is unable to obtain attractive programming or necessary equipment and software on satisfactory terms for its digital cable television services, the demand for these services could be reduced, thereby lowering revenue and profitability*."

Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which it operates.

The EU Framework, as implemented in Belgium, imposes pricing and other potential requirements on entities deemed to have SMP in non-competitive relevant markets in which they operate. Among other markets, the European Commission has identified "wholesale broadband access" and "the termination on an individual fixed network and relevant markets". Although the "broadcasting transmission services to deliver broadcast content to end-users" market has been deleted from the European Commission list of relevant markets, national regulators can analyze the wholesale broadcast market subject to such market meeting certain conditions set out by the European Commission. There is a risk that Telenet could be found to have SMP in these markets if the Belgian regulators identify these areas as relevant markets in which there is not sufficient competition. The risk of such a determination would be heightened if those regulators focused their market analysis on Flanders instead of the entire country. In that case, it could apply particularly to broadcasting activities because that activity is already regulated at the regional level. This is illustrated by the draft decisions, dated December 21, 2010, of the BIPT, the VRM, the CSA and the Medienrat. See "*Description of Telenet's Business—Regulation—Broadcasting Regulation—Draft Decisions of the BIPT, the VRM, the CSA and the Medienrat*".

Following the BIPT's analysis of the broadband access market, the regulator confirmed that the relevant market is national rather than regional, and that cable networks, including the Telenet Network, are not an effective equivalent market substitute on that market. Telenet cannot assure you that any potential future market analysis may not reach a different conclusion. See "*Description of Telenet's Business—Regulation—Provisions Applicable to All Electronic Communications—Entities with Significant Market Power*".

The designation of Telenet as an SMP provider could result in requiring Telenet to provide other service providers access to its network for purposes of providing competing broadband and broadcasting services at regulated prices, and impose other restrictions on how it operates its network and markets its services. Granting such access would limit the bandwidth available for Telenet to provide other products and services to the customers served by its network. Such regulation could:

- impair Telenet's ability to use its bandwidth in ways that would generate maximum revenue;
- create a shortage of capacity on its network, which could limit the types and variety of services Telenet could provide its customers;
- strengthen Telenet's competitors by granting them access in Telenet's network and lowering their costs to offer competing products and services; and
- have a significant adverse impact on Telenet's profitability.

In December 2010, the CRC published its respective draft decisions reflecting the results of its analysis of the broadcasting market in Belgium.

After a public consultation, draft decisions were then submitted to the European Commission. The European Commission subsequently issued a notice on the draft decision which criticized the analysis of the broadcasting markets on several grounds, including the fact that the CRC failed to analyze upstream wholesale markets. It also expressed doubts as to the necessity and proportionality of the various remedies.

The CRC nevertheless adopted a final decision on July 1, 2011 (the "July 2011 Decision") with some minor revisions. The regulatory obligations imposed by the July 2011 Decision include (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 of pricing involves a wholesale tariff calculated as the retail price for the offered service by Telenet, excluding value-added taxes and copyrights, and further deducting 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 in connection with the obligations described above. A national consultation and a notification to the European Commission of the reference offers must still take place before final approval by the CRC. Any approved reference offer is not expected to be available in the market until 2013.

For Belgacom, the regulatory obligations include (i) an obligation to provide wholesale access to the local loop, (ii) an obligation to provide wholesale internet access at bitstream level and (iii) an obligation to provide wholesale multicast access for distribution of television channels.

Telenet believes that there are serious grounds to challenge the findings of CRC's broadcasting market analysis and the resulting regulatory obligations and will vigorously contest the decision. Telenet has filed an appeal for suspension and annulment against the July 2011 Decision with the Brussels Court of Appeal. A decision from the Brussels Court of Appeal on Telenet's request for suspension of the new regulatory obligations until the appeal is finalized is expected in September 2012. Although Telenet believes the decision to impose wholesaling obligations is misguided and unfounded, there can be no certainty that Telenet's appeals will be successful. Accordingly, one or more of these regulatory obligations could be upheld, in present form or in modified form.

Belgacom has also challenged the decision of the CRC in an appeal with the Brussels Court of Appeal for annulment of the July 2011 Decision, but only with respect to (i) the exclusion of Belgacom from the possibility to obtain digital television and broadband access on Telenet's network and (ii) the obligation for Belgacom to provide wholesale multicast access for distribution of television channels.

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 or in modified form and, if implemented, the wholesale rates established by the CRC, the extent that competitors take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments. See "*Description of Telenet's Business—Regulation—Broadcasting Regulation—Decisions of the BIPT, the VRM, the CSA and the Medienrat*". However, any such implementation could have a material adverse effect on Telenet's business, prospects, results of operations and financial condition.

The European Commission has also identified the termination of calls "on a separate public network to a fixed location" as a market to be regulated by the BIPT. Under this defined market, whether a network operator would have SMP in terminating calls on its own network depends, among other things, on the relative market position of the operator and the other operators seeking to interconnect to its network. If an operator is found to have significant power in this market, it can be required to charge interconnection termination rates that reflect its cost of providing the service. In August 2006, the BIPT issued its decision on the fixed termination market, imposing a linear glide path on all the alternative operators over three years towards near reciprocity of interconnection rates, starting in January 2007. In August 2010, the BIPT issued a decision aimed at correcting certain aspects of its decision of August 2006, which was partially annulled by the Brussels Court of Appeal in June 2009, particularly as regards the maximum mobile termination rates to be charged by operators having SMP from November 2006 to April 2008. 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 implementation by Telenet of its Renewed Full-MVNO Agreement, and due to Telenet's ensuing increased control over the termination rates it charges for call termination on its virtual network, the market for "call termination on individual mobile networks" could potentially be identified by the BIPT as a relevant market where Telenet has SMP. Following the latest market analysis dated June 2010, the BIPT imposed a sharp declining glide path, resulting in mobile termination rates capped at €1.08 cent per minute starting January 2013, a 75% decline compared to the current average mobile termination rate of €2.67 per minute, which is applicable as of January 1, 2012. In the same decision, the BIPT indicated that Full-MVNOs will in principle have to apply the termination rates of their host operator (i.e., Mobistar rates for Telenet).

Telenet may be subject to conflicting regulations, inconsistent court judgments and regulatory rulings.

Telenet's networks and related operations are subject to regulation by national, regional and local authorities. The national regulator has principal authority over regulating Telenet's broadband internet and telephony operations, and the regional regulator has principal responsibility for regulating its broadcasting activities. Local authorities may also pass regulations that affect Telenet's operations from time to time, including issuing orders that require Telenet to move its cables underground. Issues may arise with respect to conflicting regulations applying to the networks Telenet operates and for the services it provides. Aspects of iDTV, for example, e-mail functions, may be subject to regulation by the national regulator, whereas the broadcasting features of iDTV are regulated by the regional regulator. Decisions of the Belgian Constitutional Court (*Grondwettelijk Hof/Cour constitutionnel*, formerly named *Arbitragehof/Cour d'Arbitrage*) (the "Constitutional Court") resulted in cooperation agreements signed by all parties. Notwithstanding the existence of the cooperation agreements, the structure of the bodies that regulate Telenet may generate situations where progress is hindered by the requirement to coordinate among the parties to the cooperation agreements. See "*Description of Telenet's Business—Regulation—The EU Framework," "—Telephony Regulation—The Belgian Institute for Postal Services and Telecommunications," and "—Broadcasting Regulation—Overview*".

As another example, Telenet is subject to certain local regulations with respect to its networks, including network rights of way. For telecommunications networks, the 1991 Law explicitly provides that public authorities (*e.g.*, municipalities) cannot charge network operators for the rights of way granted to them. Several municipalities have implemented a model regulation requiring payment for "the municipal services and the use of the municipal public domain as a result of works on permanent utilities on the municipal public domain." Telenet has asked the Flemish provincial governors to suspend these regulations on the grounds that they violate the 1991 Law. Several province governors have confirmed that the regulations do not apply to Telenet's networks because they are superseded by the 1991 Law. Telenet cannot exclude that in the future the free rights of way article in the 1991 Law will be amended, which could require it to incur significant costs.

In addition, the Competition Council has been given authority to resolve disputes between telecommunication operators regarding, among other things, interconnection. The BIPT may still intervene in such disputes on the basis of its general power to enforce relevant legislation. Belgian courts also have jurisdiction with respect to certain aspects of general competition law. These overlapping powers may result in Telenet being forced to litigate competitors' complaints in more than one forum on the same issue. There can be no assurance that the Competition Council, the BIPT and the Belgian courts will always reach the same or consistent conclusions on identical or similar issues. Such uncertainty can lead to potentially conflicting compliance obligations being imposed on Telenet and forum shopping by potential litigants. These overlapping powers may have a material adverse effect on Telenet's financial condition.

Telenet does not have complete control over the prices that it charges or the programming that it provides, which exposes it to third-party risks and may adversely affect its business and results of operations.

The Belgian Ministry for Economic Affairs must consent to any increase in the prices that Telenet charges its subscribers for providing basic cable television. Telenet may not receive approval for additional cable television subscription price increases in the future, especially if it further reduces the number of channels included in its basic cable television package, which may have an adverse impact on its revenues, profitability of new products and services and ability to respond to market changes.

Telenet is also required to carry certain broadcast and other channels on its cable system that it would not necessarily carry voluntarily. Following the implementation of the EU Framework by the Flemish legislature, these "must carry" obligations apply to eight of the television channels that Telenet delivers to any specific end user. Telenet must carry the channels from the regional public broadcasters for no fee and also do not charge a carriage fee to the other public broadcasters, but can charge commercial rates to other channels it is required to carry. See "*Description of Telenet's Business—Regulation—Broadcasting Regulation—Must Carry*". Telenet cannot guarantee that the remuneration that it receives for providing these required channels will cover its actual costs of broadcasting these channels, or provide the return that it would otherwise receive if Telenet was allowed to freely choose the programming Telenet offer on its system. Under the "must carry" regulations currently in force, it is possible that Telenet may be required to carry additional channels in the future. Increasing the number of channels that it must carry on its network would use valuable network capacity that it could otherwise use to deliver alternative channels or services that may be profitable.

Moreover, under the Electronic Communications Law, all providers of telephony and broadband services must offer social tariffs for specific categories of users by applying discounts and percentages as set out in the annex to the Electronic Communications Law. See "*Description of Telenet's Business—Regulation—Telephony Regulation—Universal Service*". Such mandatory social tariffs may have an adverse impact on Telenet's revenues, profitability of new products and services and ability to respond to market changes.

Telenet may incur significant costs to comply with city planning laws.

Approximately 40% of Telenet's local loop is located above ground. Local municipal governments have the authority to require Telenet to move these network lines underground. Usually, Telenet is able to coordinate with other utility suppliers to share the costs associated with moving lines underground but it cannot assure you that it will always be able to do so. To date, the annual cost of this obligation has amounted to approximately €9.5 million. Nevertheless, the costs of complying with municipal orders can be substantial, and may require Telenet to incur significant costs in the future.

Litigation Risks

Telenet is involved in a significant dispute with Belgacom relating to the price it has charged to interconnect to its telephony network, and an unfavorable outcome may result in a substantial liability.

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 Telenet, at the time, as a market entrant, 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 pursues 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 the 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, in 2009 a new article has been included into the 2003 BIPT, 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. 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.

Risks Relating to Telenet's Employees, Management, Principal Shareholders and Related Parties

The loss of certain key personnel could harm Telenet's business, and a failure to sustain a good working relationship with employee representatives could harm its business.

Telenet's key employees possess substantial knowledge of its business and operations. Telenet cannot assure you that it will be successful in retaining their services or that it would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key employees could cause significant disruptions in Telenet's business operations, which could materially adversely affect its results of operations.

In its business, Telenet relies on sales forces and call center employees to interface with the major part of its residential customers. Their reliability is key as is Telenet's relationship with employee representatives and unions, and Telenet's business could suffer reputational or financial harm, as a result of their strikes or other (collective) actions.

Telenet may have conflicts of interest with its principal shareholders, which could adversely affect its business and the value of its shares.

LGI is Telenet's largest shareholder owning a 50.04% stake in Telenet as at August 10, 2012. This percentage may increase as a result of the decrease in total number of shares outstanding resulting from the Voluntary Self Tender, if consummated, or other share buy backs that Telenet may conduct in the future as part of its remuneration policy. When business opportunities, or risks and risk allocation arise, the interests of LGI (or other LGI controlled entities) may be different from, or in conflict with, Telenet's interests on a stand-alone basis. Because Telenet is indirectly controlled by the parent entity, LGI may allocate certain or all of its risks to Telenet and Telenet cannot assure you that LGI will permit it to pursue certain business opportunities.

Telenet may also have conflicts of interest if it engages in commercial transactions with other entities controlled by its principal shareholder, LGI, or if there are business opportunities that both Telenet and another entity controlled by Telenet's principal shareholder would like to pursue. The Syndicate Agreement between Telenet Group Holding and its principal shareholder requires Telenet to grant its principal shareholder preferential treatment when Telenet contracts out certain services, provided that all agreements between Telenet and the shareholder are concluded on an arm's-length basis and equivalent in all material respects to the best offers received from third parties. Such agreements may be deemed to be less favorable than agreements Telenet otherwise would have entered into with unaffiliated third parties, and may violate the terms of certain of the agreements governing Telenet's outstanding indebtedness if they were subsequently found not to be on arm's-length terms. Telenet currently has management and technical service contracts with LGI or its affiliates. Telenet cannot guarantee that conflicts will not in some instances arise.

In addition, LGI may cause Telenet to make acquisitions that may increase the amount of Telenet's indebtedness (including secured indebtedness) or cause Telenet to sell assets. Furthermore, LGI may also pursue acquisition opportunities that may be complementary to Telenet's business and, as a result, those acquisition opportunities may not be available to Telenet. So long as LGI continues to own a significant amount of Telenet's capital stock, even if such amount is less than 50%, LGI will continue to be able to strongly influence or effectively control Telenet's decisions. The interests of LGI may not coincide with Telenet's interests.

Risks Relating to the Notes and the Structure

The Issuer is an unaffiliated special purpose financing company which will depend on payments under the Finco Loans to provide it with funds to meet its obligations under the Notes.

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. The Issuer is a special purpose financing company that has no material business operations, no direct subsidiaries and no employees, and, upon completion of the offering of the Notes, its only material assets will be the Finco Loans and its rights under certain related agreements. Furthermore, the Indenture governing the Notes will prohibit the Issuer from engaging in any activities other than certain limited activities permitted under the heading "*Description of the Notes—Certain Covenants—Limitations with Respect to Business Activities of the Issuer*". As such, the Issuer will be wholly dependent upon payments from Telenet International Finance which payments are guaranteed by Telenet NV under the Finco Loans, other than certain amounts due on the Notes (such as prepayment premiums and additional amounts following certain tax events), which will be financed by Telenet International Finance pursuant to the Telenet Fee Letter or the Telenet Service Agreement, in order to service its obligations under the Notes.

Telenet International Finance conducts no business operations of its own. Telenet International Finance will depend on payments from the other members of the Telenet Group to make payments on the Finco Loans.

Telenet International Finance conducts no business operations of its own. The ability of any of Telenet Group Holding's direct or indirect subsidiaries to pay dividends or to make other payments or advances to Telenet International Finance depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject and in some cases Telenet International Finance's receipt of such payments or advances may be subject to onerous tax consequences. Most of Telenet Group Holding's operating subsidiaries are subject to the limitations and restrictions in the Senior Credit Facility and/or other debt facilities that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners, including Telenet International Finance. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide Telenet International Finance funds for payment obligations, whether by dividends, distributions, loans or other payments, except Telenet NV which is a guarantor under the Senior Credit Facility.

There can be no assurance that arrangements with Telenet Group Holding's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of Telenet Group Holding's subsidiaries will provide Telenet International Finance with sufficient dividends, distributions or loans to fund payments under the Finco Loans, and in turn, fund payments by the Issuer under the Notes, when due.

Telenet may have exposure to additional tax liabilities.

Telenet is subject to income taxes as well as non-income based taxes in Belgium and Luxembourg. Significant judgment is required in determining Telenet's worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although Telenet believes that its tax estimates are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in Telenet's historical income tax provisions and accruals. Telenet is also subject to non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes in Belgium and Luxembourg. Telenet is regularly under audit by tax authorities with respect to these non-income based taxes in various jurisdictions. The ultimate outcome of the income tax and non-income based taxes may differ from the amounts recorded in Telenet's financial statements and may materially affect Telenet's financial results in the period or periods for which determination is made.

Your ability to recover under the collateral securing the Notes may be limited.

The holders of the Notes benefit from security interests in the Note Collateral.

The Note Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be set forth in the documents evidencing the security interests granted over the Note Collateral. The Initial Purchasers have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and other imperfections. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Note Collateral securing the Notes as well as the ability of the Trustee to realize or foreclose on such Note Collateral.

The security interests in the Note Collateral will be subject to practical problems generally associated with the realization of security interests in Note Collateral. Under Luxembourg law the enforcement of the General Partner Pledge Agreement and the Issuer Pledge Agreement, whether by means of a sale or an amalgamation, is subject to certain specific requirements. For example, the Trustee may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. The Issuer cannot assure you that the Trustee will be able to obtain any such consent. It also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Trustee may not have the ability to foreclose upon those assets and the value of the Note Collateral may significantly decrease. The Trustee is not obliged to take any action to enforce the security interests or foreclose on any assets unless directed to do so by the applicable percentage of holders of the Notes in accordance with the Indenture and indemnified and/or secured to its satisfaction.

In addition, although Telenet International Finance has agreed pursuant to the Telenet Service Agreement to reimburse the Issuer for certain ongoing obligations of the Issuer, including in respect of the payment of Additional Amounts pursuant to the Indenture following certain tax events and the payment of additional interest required to be paid under the Notes on overdue principal and interest, such reimbursement obligations are limited so that the maximum amount owed at any one time does not exceed the greater of €10 million and the unused portion at that time of the basket described in paragraph (p) of the definition of Permitted Financial Indebtedness in the Senior Credit Facility. As a result, the amount that Telenet International Finance is obligated to pay to the Issuer in respect of such additional amounts or default interest may not be sufficient to enable the Issuer to pay the corresponding amounts due under the Notes and the Indenture. Any failure by the Issuer to pay such additional amounts or default interest will constitute a default under the Indenture.

The security interest in the collateral securing the Finco Loans will not be granted directly to the holders of the Notes.

The appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security interests. Generally, according to paragraph 2(4) of the Luxembourg Act dated August 5, 2005, as amended, concerning financial collateral arrangement (the Collateral Act 2005), a security (financial collateral) may be provided in favour of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, provided that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

The security interests in the collateral securing the Finco Loans will not be granted directly to holders of the Notes. Instead, they will be granted in favor of the security agent in respect of the Senior Credit Facility for the benefit of the lenders under the Senior Credit Facility, including the Issuer under the Finco Loans, and the Issuer's interest in the Finco Loans will in turn serve as collateral for the obligations of the Issuer under the Notes.

As a result, upon the occurrence of an event of default under the Notes, the Trustee on behalf of the holders of the Notes will not have the right to enforce the collateral for the Finco Loans directly but, instead, would only have the right to enforce the security interest in the Issuer's interest in the Finco Loans (subject always to the Trustee being directed by the holders of the Notes and indemnified and/or secured to its satisfaction against any liabilities it may incur). The security agent under the Senior Credit Facility is only obliged to take enforcement action where it is directed by the requisite amount of creditors under the Senior Credit Facility. This indirect claim over the collateral could delay or make more costly any realization of such collateral.

Creditors under the Senior Credit Facility are entitled to be repaid with the proceeds of the collateral sold in any enforcement sale on a pari passu basis with the Finco Loans, and the value of the collateral may not be sufficient to satisfy the obligations of Telenet International Finance under the Finco Loans.

The security granted in favor of the Finco Loans also secures all other indebtedness existing under the Senior Credit Facility as a whole on a pari passu basis. In the event of a foreclosure on the liens securing the Finco Loans, any proceeds received by the security agent in respect of the Senior Credit Facility, as a whole, from the sale of the collateral would be distributed to repay on a pari passu basis all of the creditors under the Senior Credit Facility.

No appraisals of any collateral securing the Senior Credit Facility have been prepared in connection with this offering. The value of such collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers, the jurisdiction in which the enforcement action or sale is completed and the ability to readily liquidate the collateral. Each of these factors or any challenge to the validity of any arrangements governing creditors' rights under the Senior Credit Facility could reduce the proceeds realized upon enforcement of the collateral. Consequently, there can be no assurance that the proceeds from the sale of the collateral will be sufficient to satisfy the obligations of Telenet International Finance under the Finco Loans. In addition, there can be no assurance that the collateral could be sold in a timely manner, if at all.

The Issuer's ability to enforce its rights under the Senior Credit Facility (including the right to accelerate payments under the Finco Loans on the occurrence of an event of default under the Senior Credit Facility) is limited.

The occurrence of an event of default under the Senior Credit Facility may not automatically result in the Notes becoming due and payable. Only the facility agent under the Senior Credit Facility may take enforcement steps upon the occurrence of such an event of default. The facility agent may, and must if so instructed by the Majority Lenders under and as defined in the Senior Credit Facility accelerate amounts due under the Senior Credit Facility (including under the Finco Loans) following the occurrence of such an event of default. The Issuer's share in outstanding loans and undrawn commitments under the Senior Credit Facility is likely to contribute significantly less than the threshold required for such Majority Lender definition, which is generally two thirds of the aggregate of all outstanding loans and undrawn commitments under the Senior Credit Facility, from time to time. Accordingly, there can be no assurance that the Issuer will be able to require an acceleration of its rights under the Finco Loans following the occurrence of an event of default under the Senior Credit Facility.

Luxembourg law may affect the validity of security granted over certain of our assets.

The enforceability of the Telenet Loan Collateral, the Telenet Fee Letter Collateral and the Telenet Service Agreement Collateral (each as defined in "Description of the Notes") (collectively, the "Assignment") is uncertain in light of Luxembourg insolvency provisions. In particular, while the Collateral Act 2005 recognizes the validity and enforceability of outright transfers of title to "assets" (which are defined as financial instruments and claims, together, the "Collateral Act 2005 Assets") against third parties, administrators, insolvency receivers, liquidators and other similar persons notwithstanding the existence of a reorganization measure liquidation proceedings or the occurrence of any competing claims between creditors, whether located in Luxembourg or not, it is untested and legally questionable whether assets (other than the Collateral Act 2005 Assets) transferred by way of security (as contemplated by the Assignment) would benefit from the provisions of the Collateral Act 2005.

Telenet International Finance may not have the ability to raise the funds necessary to finance required prepayments of the Senior Credit Facility (including prepayment of the Finco Loans) in the event of a change of control thereunder.

Upon the occurrence of a Change of Control (as defined in the Senior Credit Facility) and if the Majority Lenders thereunder (and as defined therein) so require, Telenet NV and Telenet International Finance will be required to prepay the Senior Credit Facility (including the Finco Loans) and to make a payment to the Issuer equal to 1% of the principal amount of the Finco Loans. The ability of Telenet International Finance to prepay the Finco Loans upon a Change of Control would be limited by its access to funds at the time of the prepayment and the terms of its other debt agreements, which agreements could restrict or prohibit such a prepayment. Upon a Change of Control and/or illegality, Telenet NV and Telenet International Finance may be required immediately to repay the outstanding principal, any accrued interest on and any other amounts owed by either of them under one or more of its other bank facilities. The source of funds for these repayments would be their available cash or cash generated from other sources. However, there can be no assurance that Telenet NV and Telenet International Finance will have sufficient funds available upon a Change of Control and/or illegality to make these repayments. If Telenet NV and Telenet International Finance are not able to make the required prepayment of the Senior Credit Facility (including the Finco Loans), the Issuer will not be able to redeem the Notes.

Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the Senior Credit Facility and the Related Agreements.

The obligations of the Issuer under the Indenture, the Notes and the Notes Security Documents (as defined under "Description of the Notes") will be limited as set forth in the Indenture. All payments to be made by the Issuer under the Indenture, the Notes and the Notes Security Documents will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer under the Senior Credit Facility, the Accession Agreements, the Telenet Fee Letter and the Telenet Service Agreement, and other than under the limited circumstances described below under "Description of the Notes—Events of Default and Remedies", none of the Trustee, the Principal Paying Agent, the Registrar or the holders of Notes will have any further recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer under the Indenture, the Notes and the Notes Security Documents exceeds the amounts so received under the Senior Credit Facility, the Accession Agreements, the Telenet Fee Letter and the Telenet Service Agreement.

The Trustee and the holders of the Notes will not be permitted to take any action, commence any proceeding or petition a court for the liquidation of the Issuer, nor will they be permitted to enter into any arrangement, reorganization or insolvency proceeding in relation to the Issuer, whether under the laws of Luxembourg or other applicable bankruptcy laws. The obligations of the Issuer are solely obligations of the Issuer, and the Trustee and the holders of the Notes will not have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by the Indenture, the Notes Security Documents and the related documents. Having realized the collateral securing the Notes and distributed the net proceeds thereof, in each case in accordance with the Indenture, none of the Trustee, the Principal Paying Agent, the Registrar and the holders of the Notes may take any further steps to recover any sum still unpaid in respect of the Notes, the Indenture or any of the Notes Security Documents or otherwise and all claims against the Issuer in respect of any such sum due but still unpaid shall be extinguished.

Holders of the Notes have limited direct recourse to Telenet International Finance.

Except for the specific interests of the Issuer as a Telenet Lender under the Senior Credit Facility or as otherwise expressly provided in the terms of the Indenture, no proprietary or other direct interest in the Issuer's rights under or in respect of the Senior Credit Facility exists for the benefit of the holders of the Notes. Further, subject to the terms of the Indenture, no holder of Notes can enforce any provision of the Senior Credit Facility or have direct recourse to Telenet International Finance as borrower, or any member of the Telenet Group except through an action by the Issuer, itself acting as directed by the Trustee pursuant to the rights granted to the Trustee under the Indenture and the Notes Security Documents. Under the Indenture, the Trustee shall not be required to take proceedings to enforce payment under the Senior Credit Facility unless it has been indemnified or secured by the holders of the Notes to its satisfaction. In addition, neither the Issuer nor the Trustee is required to monitor Telenet International Finance's, or any member of the Telenet Group's, financial performance.

United States securities laws restrict the circumstances under which you can transfer the Notes.

The Issuer offered the Notes in reliance upon exemptions from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from or not subject to the registration requirements of the U.S. Securities Act and all applicable state securities laws. In addition, transfer restrictions with respect to the Notes which relate to exceptions provided for under the U.S. Investment Company Act of 1940, as amended, prohibit transfer except as provided by the transfer restrictions under "Plan of Distribution" and "Transfer Restrictions". You should read the discussions under "Plan of Distribution" and "Transfer Restrictions" for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of Notes comply with applicable law.

The Issuer cannot assure you that an active trading market will develop for the Notes, in which case your ability to sell the Notes will be limited.

The Notes will be new securities for which there is no market. The Issuer cannot assure you as to:

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

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, Telenet's operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of Telenet Group Holding's prospects and financial performance. The Initial Purchasers of the Notes have advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obliged to do so, and they may discontinue any market making activities at any time without notice. As a result, there is no assurance that an active trading market will develop for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

Although the Issuer, in the Indenture, agreed to use all reasonable efforts to have the Notes listed and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the issue date of the Notes and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will remain listed. If the Issuer is unable or can no longer maintain the listing on the Luxembourg Stock Exchange or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, preparation of financial statements in accordance with IFRS or any other accounting standard other than the accounting standard pursuant to which the Issuer prepares its financial statements shall be deemed unduly burdensome), the Issuer may cease to make or maintain such listing on the Luxembourg Stock Exchange, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another stock exchange although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Luxembourg Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

Credit ratings may not reflect all risks.

Telenet currently maintains ratings with Moody's Investors Service, Inc. and has recently applied for ratings with Standard & Poor's Ratings Group (which application remains pending, and there can be no assurance that such rating will be issued). Any credit ratings assigned to the Notes are an assessment by the relevant rating agencies of the Issuer's ability to pay its debts when due, which is, in respect of payment obligations under the Notes, dependent upon the ability of the obligors under the Senior Credit Facility to pay their debts when due. Consequently, real or anticipated changes in Telenet's or the Notes' credit ratings may generally affect the market value of the Notes. Ratings may not reflect the potential impact of all risks relating to structure, market, additional factors discussed in these Listing Particulars, and other factors may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. An explanation of the significance of such rating may be obtained from the applicable rating agency. There is no assurance that such credit ratings will be issued or remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the applicable rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with the application of the proceeds of this offering or in connection with future events, such as future acquisitions. Holders of Notes will have no recourse against Telenet or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes.

Luxembourg insolvency laws may not be as favorable as insolvency laws in other jurisdictions.

The insolvency laws of Luxembourg may not be as favorable to holders of Notes as insolvency laws of jurisdictions with which investors may be familiar. The Issuer is incorporated and has its center of main interests in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Luxembourg insolvency laws. The following is a brief description of certain aspects of insolvency laws in Luxembourg. Under Luxembourg insolvency laws, the following types of proceedings (together referred to as insolvency proceedings) may be opened against the Issuer to the extent that the Issuer has its registered office or center of main interest in Luxembourg:

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the Issuer, by any of its creditors or by the Luxembourg public prosecutor. Following such a request, the courts having jurisdiction may open bankruptcy proceedings, if the Issuer (a) is in default of payment (*cessation de paiements*) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*). If a court considers that these conditions are met, it may open bankruptcy proceedings, absent a request made by the Issuer or a creditor. The main effect of such proceedings is the suspension of all measures of enforcement against the Issuer, except, subject to certain limited exceptions, for secured creditors, and the payment of creditors in accordance with their rank upon the realization of assets;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the Issuer and not by its creditors; and
- composition proceedings (*concordat préventif de la faillite*), the opening of which may only be requested by the Issuer (having received prior consent of a majority of its creditors) and not by its creditors. The court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by unsecured creditors.

In addition to these proceedings, the ability of the holders of Notes to receive payment on the Notes may be affected by a decision of a court to grant a reprieve from payments (*sursis de paiements*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious violation of the commercial code or of the Luxembourg law dated August 10, 1915 on commercial companies, as amended. The management of such liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings.

The Issuer's liabilities in respect of the Notes will, in the event of a liquidation of the Issuer following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned Issuer's debts that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law for instance include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realised).

During insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of secured creditors to enforce their security interest may also be limited in the event of controlled management proceedings automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the Issuer's liabilities in order to take effect.

The Collateral Act 2005 expressly provides that all financial collateral arrangements (including pledges) including enforcement measures are valid and enforceable even if entered into during the pre-bankruptcy period, against all third parties including supervisors, receivers, liquidators and any other similar persons or bodies irrespective of any bankruptcy, liquidation or other situation, national or foreign, of composition with creditors or reorganization affecting anyone of the parties, save in the case of fraud.

Generally, Luxembourg insolvency laws may also affect transactions entered into or payments made by the Issuer during the pre-bankruptcy hardening period (*periode suspecte*) which is a maximum of six months and the days preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date. In particular:

- pursuant to article 445 of the Luxembourg code of commerce, some specific transactions (in particular, the granting of a security interest for antecedent debts, save in respect of financial collateral arrangements within the meaning of the Collateral Act 2005; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg code of commerce payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt's cessation of payments;
- pursuant to article 21 (2) of the Collateral Act 2005 concerning financial collateral arrangements, notwithstanding the suspect period as referred to in articles 445 and 446 of the Luxembourg code of commerce, where a financial collateral arrangement has been entered into on the date of the commencement of a reorganization measure or winding-up proceedings, but after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, that agreement is enforceable and binding against third parties, administrators, insolvency receivers, liquidators and other similar organs if the collateral taker proves that it ignored the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it; and
- pursuant to article 448 of the Luxembourg code of commerce and article 1167 of the civil code (action paulienne) gives the insolvency receiver (acting on behalf of the creditors) has the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for intuitu personae contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts. However, as of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-á-vis the bankruptcy estate. The bankruptcy order provides for a period of time during which creditors must file their claims with the clerk's office of the Luxembourg district court sitting in commercial matters. After having converted all available assets of the company into cash and after having determined all the company's liabilities, the insolvency receiver will distribute the proceeds of the sale, on a pro rata basis, to the creditors after deduction of the receiver fees and the bankruptcy administration costs.

The various insolvency and administrative laws to which Telenet is subject may not be favorable to creditors, including the Issuer as lender under the Finco Loans, and may limit the Issuer's ability to enforce its rights under the Finco Loans and, as a result, the ability of holders of Notes to enforce their rights under the Notes.

Each member of the Telenet Group (except for Telenet International Finance, Telenet Solutions Luxembourg S.A., Telenet Luxembourg Finance Center S.à r.l. and Finance Center Telenet S.à r.l.) is organized under the laws of Belgium and has its center of main interests within the meaning of the Council Regulation (EC) No 1346/2000 of May 29, 2000 on insolvency proceedings in Belgium (each a "Telenet Belgian Company"). Consequently, in the event of a bankruptcy or insolvency event with respect to a Telenet Belgian Company, primary proceedings would likely be initiated in Belgium while secondary proceedings could be initiated in one or more EU jurisdictions (with the exception of Denmark) in which the Telenet Belgian Companies then conduct operations. While, currently, none of the Belgium Companies conducts operations in any EU jurisdiction other than Belgium, such multi jurisdictional proceedings would likely be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding enforcement of your rights.

Belgian insolvency laws may make it difficult or impossible to effect a restructuring. There are two primary insolvency regimes under Belgian law: the first, judicial reorganization (*gerechtelijke reorganisatie/reorganisation judiciaire*), is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement/faillite*), is designed to liquidate and distribute the assets of a debtor to its creditors.

Secured lenders with a first-ranking priority over financial collateral as defined in, and pursuant to the Belgian law of December 15, 2004 on financial collateral (including cash collateral and pledges in respect of shares and other financial instruments ("Financial Collateral")) have the right to foreclose on their security despite the occurrence of a bankruptcy or, subject to certain conditions, judicial reorganization. The law of 26 September 2011 modified the Belgian law on Financial Collateral. Pursuant to this change, enforcement of a pledge on cash receivables is suspended during the period in which the debtor is in judicial reorganisation unless a payment default can be invoked by the creditor seeking to enforce the pledge on cash receivables, with some limited exceptions. Enforcement of a pledge of shares remains possible however, even during judicial reorganisation.

Judicial Reorganization

The judicial reorganization procedure is a voluntary procedure, for which the debtor, as a rule, can apply if its continuity is threatened, in the short or longer term. Note, however, that, in certain circumstances, the public prosecutor, a creditor or any third party interested in acquiring all or part of the debtor's assets also can apply for judicial reorganization by way of court-supervised transfer. The board of the debtor, and its management, remain as a rule in charge of the company while the procedure is ongoing. Upon accepting the debtor's request for judicial reorganization, the court will set the duration of the stay for a period of up to six months, extendable in certain circumstances of up to 18 months. During the stay, as a rule, the debtor cannot be judicially dissolved or declared bankrupt, and, generally, no enforcement measures (e.g., attachment, foreclosure) can be taken. Debts, including those preceding the judicial reorganization, may however be paid to creditors on a voluntary basis. In addition, while the stay affects secured and unsecured creditors alike, there is an exception for secured creditors benefiting from a receivables pledge, or from Financial Collateral, which are, subject to certain conditions, entitled to foreclose during the stay. The stay will not suspend guarantees or security granted by third parties for the debtor. Termination, suspension and acceleration clauses in agreements, such as the Senior Credit Facility, to which the debtor is a party that are triggered by the fact of the judicial reorganization itself are null and void (with the exception of close-out netting clauses).

If a creditor continues to perform a contract despite the debtor's judicial reorganization, its claims that come to exist as a result thereof in the period following the judicial reorganization (such as, as a rule, interest payments) will not be suspended and will be enforceable. In case of a subsequent bankruptcy, such claims will have priority over the claims of unsecured creditors (and secured creditors, if the continuation of the contract has contributed to the preservation of the secured assets). Claims for reimbursement of principal would as a rule be suspended by the stay.

The stay can result in: (a) an in-court agreement with two or more creditors; (b) a collective agreement among the creditors on a reorganization plan; or (c) a court-organized auction leading to the transfer of part or all of the assets of the undertaking as a going concern to one or more third parties.

(a) An in-court agreement requires unanimity among the creditors concerned. The debtor may petition the court to grant a grace period in respect of its payment obligations, e.g., in relation to interest payments, pending the negotiation of the agreement.

(b) The reorganization plan may provide a broad range of measures, including, without limitation, (i) a rescheduling of debts, (ii) partial or total debt waivers (principal sum and/or interest), (iii) the conversion of debt into equity, and (iv) a differentiated treatment for certain categories of claims (e.g., based on nature or size). The performance period of the plan may extend to five years from the date of court approval. The plan cannot impose any of these measures to secured creditors unless they individually agree. The reorganization plan must be approved by the majority of the creditors participating in the vote (including the secured creditors) and such majority must represent at least half of the outstanding debt in principal sum. The court must also approve the plan, and can only refuse it in limited circumstances. Consequently, these majorities and consent requirements could preclude or inhibit the ability of the holders of the Notes to effect a restructuring of Telenet Group Holding and could reduce the holders' recovery in a Belgian insolvency proceeding. The court-approved reorganization plan is binding for all creditors in the stay. The plan cannot suspend the enforcement rights of secured creditors for a period in excess of 24 months (extendable with 12 months if the debtor can prove that it will be able to fully reimburse the secured creditors) from the initial filing for judicial reorganization, and the debtor must continue to pay interest on the secured obligations during the period of the reorganization plan.

(c) A debtor also has the possibility to file for a judicial reorganization with the objective to transfer part or all of the assets (but not its liabilities) to an acquirer, in which case the auction will be organized by a court-appointed expert (gerechtsmandataris/mandataire de justice). In this case, the proceeds of the sale of the pledged assets will be paid in priority to the relevant secured creditors. The judicial expert leading the auction, however, has no obligations as to minimum sales price, neither does it have to consult an expert to confirm that the sales price is reasonable. Consequently, this procedure could result in the sale of certain assets for less than their going concern value. The assets will be transferred free from any existing security, and the liabilities will remain with the debtor. The public prosecutor, a creditor or any third party interested in acquiring all or part of the debtor's business also can apply for a judicial reorganization with the objective of a court-supervised transfer of the debtor's assets if: (i) the conditions for bankruptcy have been fulfilled in relation to the debtor (i.e. the debtor has ceased to pay debts and is unable to obtain credit); (ii) the court has refused to open the judicial reorganization; (iii) the court has ordered the early termination of the judicial reorganization; (iv) the creditors have not approved the reorganization plan; (v) the court has refused to confirm the reorganization plan; or (vi) the court has ordered the early termination of the reorganization plan.

Bankruptcy

A debtor which, on a sustained basis, ceases to make payments and whose credit is impaired, will be deemed to be in a state of bankruptcy. Within one month after the cessation of payments, the debtor must file for bankruptcy. Bankruptcy procedures may also be initiated on the request of unpaid creditors or on the initiative of the public prosecutor. A bankruptcy trustee will be appointed to assume the operation of the business and to organize a sale of the debtor's assets, the distribution of the proceeds thereof to creditors and the liquidation of the debtor.

The assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on a pari passu basis, and certain creditors (such as secured creditors and preferential creditors) will have special rights that may adversely affect the interests of the Issuer as a lender under the Senior Credit Facility.

The grant of collateral security for the Senior Credit Facility, or any payment of debt not yet due, may be held ineffective if entered into or granted within specified hardening periods in advance of a bankruptcy event and/or if this is found to be detrimental to the creditors.

Certain of Telenet's agreements with its suppliers, content providers or others entitle the counterparty to terminate the agreement in case of its bankruptcy. In addition, in case of Telenet's bankruptcy, the emphytheotic leases in respect of the Partner Network under the PICs Agreement may be terminated.

The Issuer is incorporated under and subject to Luxembourg law.

The Issuer is a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of Luxembourg. The rights of holders of Notes and the responsibilities of the Issuer to the holders of Notes under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of the jurisdiction in which the Notes are offered.

Insolvency proceedings may be brought against the Issuer and such proceedings may proceed under, and be governed by, Luxembourg insolvency laws (see "*—Luxembourg insolvency laws may not be as favorable as insolvency laws in other jurisdictions*").

Employee benefit plan considerations.

Each acquirer or transferee of a Note or any interest therein will be deemed to have represented, warranted and agreed that (1) either (a) it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Notes or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor (as defined under "Transfer Restrictions") or a governmental, church or non-U.S. plan which is subject to any Similar Laws (as defined under "Transfer Restrictions"), and no part of the assets used by it to acquire or hold the Note or any interest herein constitutes the assets of any Benefit Plan Investor or such a governmental, church, or non-U.S. plan, or (b) its acquisition, holding and disposition of such Notes does not and will not constitute or otherwise result in a non-exempt prohibited transaction under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or, in the case of a governmental, church or non-U.S. plan a non-exempt violation of any Similar Laws); and (2) neither the Issuer nor any of its affiliates is a "fiduciary" (within the meaning of Section 3(21) of ERISA or, with respect to a governmental, church or non-U.S. plan, any definition of "fiduciary" under Similar Laws) (a "Fiduciary") with respect to the purchaser or holder in connection with any purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes; and (3) it will not sell or otherwise transfer any Note or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Note.

See "*Certain Employee Benefit Plan Considerations*" herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Notes.

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Therefore you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture governing the Notes contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to Investors*".

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

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

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to The Bank of New York Mellon, as Principal Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, Telenet will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture. Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon Telenet's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*".

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the euro zone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes.

Despite the European Commission's measures to address sovereign debt issues in Europe, concerns persist regarding the debt burden of certain euro zone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

USE OF PROCEEDS

The net proceeds from the sale of the Notes offered hereby, together with the fees payable to the Issuer by Telenet International Finance under the Fee Letter, as described below, was €700 million. The Issuer used the proceeds from the 2022 Notes and the 2024 Notes to fund the 2022 Finco Loan and the 2024 Finco Loan, respectively, each denominated in euro, in aggregate principal amounts equal to the aggregate principal amount of the 2022 Notes and 2024 Notes, respectively, under two new additional facilities (Facility U and Facility V, respectively) borrowed by Telenet International Finance under the Senior Credit Facility. Telenet intends to use the gross proceeds from the Finco Loans for the conditional Voluntary Self Tender and for general corporate purposes, which may include distributions to Telenet's direct and indirect shareholders, share buybacks or a refinancing of outstanding debt. If no or not all shares are tendered in the Voluntary Self Tender, or if the Voluntary Self Tender does not take place, Telenet may use the proceeds to complete the Special Optional Redemption in respect of the 2022 Notes or may apply the proceeds for general corporate purposes of the Telenet Group, which may include distributions to Telenet's direct and indirect shareholders, share buybacks or a refinancing of outstanding debt. Under the Fee Letter, Telenet International Finance will pay the Issuer an upfront fee in an amount equal to the Initial Purchaser's commissions and certain expenses incurred in connection with the offering. As Telenet Group Holding will consolidate the Issuer following the issuance of the Notes, the Finco Loans and Telenet International Finance's payment of the upfront fees to the Issuer will be eliminated in consolidation. For a description of the Telenet Fee Letter, see "*Description of the Notes—Certain Transaction Documents" and "Description of the Senior Credit Facility and Related Agreements—Description of the Related Agreements*".

CAPITALIZATION OF TELENET AND THE ISSUER

The following table sets forth, as of June 30, 2012, (i) the actual consolidated capitalization of Telenet Group Holding and (ii) the consolidated capitalization of Telenet Group Holding on an as adjusted basis after giving pro forma effect to (a) the offering of the Notes and the use of the proceeds thereof as set forth in "*Use of Proceeds*", (b) the consummation of the Voluntary Self Tender, (c) the August 2012 Capital Reduction and (d) the consolidation of the Issuer by Telenet Group Holding. This information should be read in conjunction with, *inter alia*, the information contained in "*Use of Proceeds*", "*Summary Condensed Consolidated Historical Financial and Other Data of Telenet*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Telenet*", "*Description of the Notes*" and the June 30, 2012 Condensed Consolidated Interim Financial Statements, the December 31, 2011 Consolidated Financial Statements and the December 31, 2010 Consolidated Financial Statements included elsewhere in these Listing Particulars.

	June 30, 2012			
	Actual	Adjustment for the August 2012 Capital Reduction	Adjustment for the other Transactions	As Adjusted
	In millions of EUR			
Total cash and cash equivalents[1]	357.0	(245.2)	(28.6)	140.4
Debt:				
Telenet Finance V Luxembourg (the Issuer)[2]	—	—	700.0	700.0
Senior Secured Notes[3]	1,300	—	—	1,300.0
Senior Credit Facility[4]	1,280.6	124.0	—	1,404.6
Other long term obligations	442.4	—	—	442.4
Total debt	**3,023.0**	**124.0**	**700.0**	**3,847.0**
Total deficit[5]	**(740.8)**	**—**	**(700.0)**	**(1,440.8)**
Total capitalization	**2,282.2**	**124.0**	**—**	**2,406.2**

(1) Assumes that (i) the gross proceeds from the issuance of the Notes will be used as set forth in "*Use of Proceeds*", (ii) the aggregate proceeds of €124.0 million from the loans under Facilities Q2 (€74.0 million) and R2 (€50.0 million) of the Senior Credit Facility will be used, together with existing cash and cash equivalents, to pay the August 2012 Capital Reduction and (iii) €15.0 million of existing cash will be used to pay fees and expenses related to the issuance of the Notes and the Voluntary Self Tender.

(2) Reflects the issuance of the Notes by the Issuer and the related funding of Facility U and Facility V of the Senior Credit Facility. As further described under "*Description of the Issuer*", the Issuer is a special purpose vehicle that will be consolidated by Telenet Group Holding following the issuance of the Notes.

(3) The Senior Secured Notes represent the Telenet Finance Luxembourg Notes issued by Telenet Finance Luxembourg, the Telenet Finance Luxembourg II Notes issued by Telenet Finance Luxembourg II, the Telenet Finance III Luxembourg Notes issued by Telenet Finance III Luxembourg and the Telenet Finance Luxembourg IV Notes issued by Telenet Finance IV Luxembourg. Telenet Finance Luxembourg, Telenet Finance Luxembourg II, Telenet Finance III Luxembourg and Telenet Finance IV Lucembourg are special purpose financing entities that, following the issuance of the Telenet Finance Luxembourg Notes, the Telenet Finance Luxembourg II Notes, the Telenet Finance III Luxembourg Notes and the Telenet Finance IV Luxembourg Notes, are, and each will continue to be for so long as their respective loans made under Facility M, Facility N, Facilty O and Facility P under the Senior Credit Facility remain outstanding, consolidated by Telenet Group Holding. Facility M, Facility N, Facility O and Facility P are eliminated within Telenet Group Holding's consolidated financial statements and are not reflected in this table.

(4) Facility U and Facility V of the Senior Credit Facility will be funded through the issuance of the Notes. The amount outstanding under Facility U and Facility V will be eliminated through the consolidation of the Issuer within Telenet Group Holding's consolidated financial statements and is not reflected in this table.

(5) Assumes that the maximum of 20,673,043 shares, or 18.20% of the outstanding total share capital of Telenet Group Holding (including treasury shares), have been repurchased and annulled pursuant to the Voluntary Self Tender. As adjusted total deficit has not been reduced for (i) any deferred financing fees that may be written off in connection with the repayments of borrowings under the Senior Credit Facility and (ii) the portion of the fees and expenses mentioned in note 1 that relate to the Voluntary Self Tender. After cancellation of the shares subject to the Voluntary Self Tender, Telenet would still hold 0.76% of its total number of shares as of August 31, 2012.

The following table sets forth, as of June 30, 2012, (i) the actual capitalization of the Issuer and (ii) the capitalization of the Issuer on an as adjusted basis after giving effect to the issuance of the Notes, receipt of the upfront fee payable by Telenet International Finance under the Fee Letter, the advance of the €700 million of proceeds from the issuance to Telenet International Finance pursuant to the Finco Loans and the payment of related fees and expenses, as set forth in "*Use of Proceeds*". The Finco Loans will be reflected as an asset on the Issuer's statement of financial position.

	June 30, 2012	
	Actual	**As Adjusted**
	In thousands of EUR	
Total cash and cash equivalents	29	31
Other long term obligations	—	700,000
Total debt	—	700,000
Total equity	31	31
Total capitalization	**31**	**700,031**

DESCRIPTION OF THE ISSUER

Incorporation

The Issuer is currently incorporated under the name of Telenet Finance V Luxembourg S.C.A. as a corporate partnership limited by shares company, *société en commandite par actions*, incorporated under the laws of Luxembourg on November 16, 2011. Copies of the Issuer's constitutional documents have been filed with the Luxembourg Trade and Companies Register and were published on January 9, 2012 in the *Mémorial C, Recueil des Sociétés*. The registered office of the Issuer is at 5, rue Guillaume Kroll, L-1882 Luxembourg. The Issuer's telephone number is +352 48 18 28 1. The Issuer is registered with the Luxembourg Trade and Companies Register under number B164890.

Business

The Issuer was incorporated under the laws of the Grand Duchy of Luxembourg on November 16, 2011, as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. Its share capital is €31,000 divided into 999 Ordinary Shares and one GP Share, all of which have been subscribed and fully paid-up. The Ordinary Shares are held by the Foundation, the GP Share is held by the GP and all shares in the GP are held by the Foundation. None of Telenet Group Holding or any of its subsidiaries has any direct or indirect interest in the Issuer, the Foundation or the GP. The Noteholders will not have a direct claim against the cash flow or assets of any member of the Telenet Group, and no member of the Telenet Group will have any direct obligation to holders of the Notes to pay amounts due under the Notes. The Foundation will, under the Issuer Pledge Agreement and the General Partner Pledge Agreement, grant security over the issued ordinary shares of the Issuer and the issued shares of the GP in favor of the Trustee for the benefit of the Trustee, and the holders of the Notes.

The Issuer has no material business operations and upon completion of this offering will have no material assets other than the Finco Loans advanced in connection with the offering of the Notes and its rights under certain related agreements. The Issuer has not engaged in any business activities or incurred any material liabilities since the date of its incorporation, other than relating to this offering and transactions related thereto. The Issuer is dependent on payments by Telenet International Finance, which payments are guaranteed by Telenet NV, under the 2022 Finco Loan and the 2024 Finco Loan in order to service its obligations under the 2022 Notes and the 2024 Notes, respectively. The proceeds from the offering of the 2022 Notes and the 2024 Notes were loaned by the Issuer to Telenet International Finance pursuant to the 2022 Finco Loan and the 2024 Finco Loan, respectively. Although Telenet International Finance has no equity or voting interest in the Issuer, the Finco Loans create a variable interest in the Issuer for which Telenet International Finance is the primary beneficiary, as contemplated by IFRS. As such, Telenet International Finance and its parent entities, including Telenet Group Holding, will be required by the provisions of IFRS to consolidate the Issuer following the issuance of the Notes. See "*Risk Factors—Risks Relating to the Notes and the Structure—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the Senior Credit Facility and the Related Agreements*".

The Issuer was incorporated as a special purpose vehicle, for the purpose of issuing the Notes and using the proceeds of this offering to finance two secured loans, the 2022 Finco Loan and the 2024 Finco Loan, to Telenet International Finance. The Issuer is dependent on payments by Telenet International Finance under the 2022 Finco Loan and the 2024 Finco Loan in order to service its obligations under the 2022 Notes and 2024 Notes, respectively. The Finco Loans will be made pursuant to the existing Senior Credit Facility of the Telenet Group, to which the Issuer will accede as an additional lender. The 2022 Finco Loan and the 2024 Finco Loan will be effected by two additional tranches under the Senior Credit Facility (Facility U and Facility V, respectively). The terms of each Finco Loan will be documented in the applicable Accession Agreement. The payment obligations under the Notes will not be guaranteed by any member of the Telenet Group. The Finco Loans, however, will be guaranteed by Telenet NV, and the Finco Loans will rank pari passu with the other terms loans under the Senior Credit Facility and will be secured by the same security interests under the Senior Credit Facility, which comprise security over substantially all of the material assets of the Telenet Group. See "*Description of the Senior Credit Facility and the Related Agreements*".

The Notes were offered by the Issuer on a limited recourse basis. The Noteholders will not have a direct claim against the cash flow or assets of any member of the Telenet Group, and no member of the Telenet Group will have any direct obligation to Noteholders to pay amounts due under the Notes. The Issuer will also be dependent on payments by Telenet International Finance under the Telenet Fee Letter and the Telenet Service Agreement intended to cover non-recurring and recurring expenses and fees of the Issuer in connection with the offering of the Notes and subsequently, the Finco Loans. Telenet International

Finance's payment obligations under the Telenet Fee Letter and the Telenet Service Agreement will be guaranteed by Telenet NV to the Issuer. See "*Description of the Senior Credit Facility and the Related Agreements*".

The Issuer's only material liabilities will be under the Notes, and the Issuer has no material business operations, no direct subsidiaries and no employees.

Since the date of the incorporation of the Issuer, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings that may have, or have had in the recent past, a significant effect on the Issuer's financial position or profitability, nor is the Issuer aware that any such proceedings are pending or threatened.

Management

The Issuer is managed by the GP, under the supervision of a supervisory board currently consisting of three members. The Issuer is unaware of any conflicts of interest between the duties that the GP or any member of the supervisory board owes to the Issuer and its private interests or other duties. The members of the supervisory board of the Issuer at present are:

- Mrs. Alexandre Trutt, a private employee of Alter Domus Luxembourg, having her professional address at 5, rue Guillaume Kroll L-1882 Luxembourg;
- Mr. Frank Przygodda, a private employee of Alter Domus Luxembourg, having his professional address at 5, rue Guillaume Kroll L-1882 Luxembourg; and
- Mr. Christophe Davezac, a private employee of Alter Domus Luxembourg, having his professional address at 5, rue Guillaume Kroll L-1882 Luxembourg.

Share Capital

The Issuer has a share capital of €31,000 comprised of 999 Ordinary Shares and one GP Share, all of which have been subscribed and fully paid-up. The Ordinary Shares have been held by the Foundation since the incorporation of the Issuer. Copies of the Foundation's constitutional documents were filed with the Chamber of Commerce for Amsterdam on October 27, 2011. The registered office of the Foundation is at De Boelelaan 7, 1083 HJ Amsterdam , The Netherlands. The Foundation is registered with the Chamber for Commerce for Amsterdam under number 53833430. The Foundation is managed by a director, which is at present, Corfas B.V., a private limited liability company incorporated under the laws of The Netherlands with principal place of business at De Boelelaan 7, 1083 HJ Amsterdam, The Netherlands. The Foundation has been incorporated for the primary purpose of holding the shares of the Issuer.

The GP Share has been held by the GP since the incorporation of the Issuer, and the GP is registered with the Luxembourg Trade and Companies Register under number B-164.848. The deed of incorporation of the GP has been published in the *Mémorial C, Recueil des Sociétés* on January 4, 2012. The registered office of the GP is at 5, rue Guillaume Kroll L-1882 Luxembourg. The GP is managed by two managers, currently:

- Mrs. Muriel Bourgeois , a private employee of Alter Domus Luxembourg, having her professional address at 5, rue Guillaume Kroll L-1882 Luxembourg;
- Mr. Dominique Robyns, a private employee of Alter Domus Luxembourg, having his professional address at 5, rue Guillaume Kroll L-1882 Luxembourg.

The GP corporate object is the holding of participation in the Issuer and the management of the Issuer as its general partner.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF TELENET

The following discussion and analysis is intended to assist in providing an understanding of Telenet's financial condition, changes in financial condition and results of operations and should be read together with the June 30, 2012 Condensed Consolidated Financial Statements, the December 31, 2011 Consolidated Financial Statements and the December 31, 2010 Consolidated Financial Statements, including the accompanying notes, included elsewhere in these Listing Particulars. Some of the information in this discussion and analysis includes forward looking statements that involve risks and uncertainties. See "Forward Looking Statements" and "Risk Factors" for a discussion of important factors to be evaluated in connection with a prospective purchase of Notes. The capitalized terms used below have been defined in the notes to the December 31, 2011 Consolidated Financial Statements and the December 31, 2010 Consolidated Financial Statements. Unless otherwise indicated, convenience translations into euros are calculated as of June 30, 2012 or December 31, 2011, as applicable.

Overview

Telenet is the largest cable television operator in Belgium. Telenet's 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. As of 6:00 p.m. London time on August 9, 2012, Telenet's market capitalization amounted to €3,897 million.

Telenet offers analog and digital cable television and digital pay television, including 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 to small and medium sized businesses throughout Belgium and parts of Luxembourg.

As of June 30, 2012, Telenet had approximately 2,152,200 unique residential subscribers, which represented approximately 75% of the approximate 2,856,300 homes passed by its network. As of June 30, 2012, all of Telenet's approximately 2,152,200 unique residential subscribers subscribed to its basic cable television services, approximately 1,339,200 subscribed to its broadband internet services and approximately 920,200 subscribed to its fixed telephony services. In addition, approximately 68% of its basic cable television subscribers had upgraded from analog to digital television, and approximately 275,400 customers subscribed to its mobile telephony services. For the year ended December 31, 2011, Telenet's total revenue was €1,376.3 million, a 6% increase over the year ended December 31, 2010, and its Adjusted EBITDA was €723.4 million, an 8% increase over the year ended December 31, 2010. For the six months ended June 30, 2012, Telenet's total revenue was €727.0 million, a 9% increase over the six months ended June 30, 2011, and its Adjusted EBITDA was €387.0 million, a 9% increase over the six months ended June 30, 2011.

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 households are passed by the bi-directional HFC network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. As of June 30, 2012, Telenet provided its basic cable television services to all of its approximate 2,152,200 unique residential subscribers, or approximately 75% of homes passed by its network. All of Telenet's basic cable television subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. 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. As of June 30, 2012, approximately 1,472,500, or approximately 68% of Telenet's basic cable television subscribers had activated smart cards, up from approximately 1,262,300, or approximately 57% of Telenet's basic cable television subscribers as of June 30, 2011. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly.

Telenet is the leading provider of residential broadband internet services in Flanders. As of June 30, 2012, Telenet provided its broadband internet services to approximately 1,339,200 subscribers, an increase of 6% compared to June 30, 2011. Through its HFC upgraded network, Telenet offers its residential subscribers a broadband internet service at a downstream data transfer speed 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 that its broadband internet subscriber base is among the most advanced in Europe given that approximately 99% of its total subscriber base enjoyed download speeds of at least 30 Mbps as of June 30, 2012. Furthermore, approximately 27% of Telenet's installed base subscribed to its EuroDocsis 3.0 offering, Fibernet, as of June 30, 2012. Telenet believes that this success clearly demonstrates customers' demand for reliable and high speed broadband connections so they can access the internet through multiple devices simultaneously.

Telenet offers its residential subscribers local, national and international long distance fixed-line telephony services, mobile telephony services and a variety of value added features. In Flanders, Telenet believes that it is currently the largest competitor to Belgacom, the Belgian incumbent, due in part to Telenet's emphasis on customer service and innovative tariff plans. Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet provided this service through an MVNO partnership with Mobistar, 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 the 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 under the Renewed Full-MVNO Agreement. As of June 30, 2012, Telenet provided fixed telephony services to approximately 920,200 subscribers and mobile telephony services to approximately 275,400 subscribers with an active SIM-card. This compared to approximately 847,300 fixed telephony subscribers and approximately 228,100 mobile telephony subscribers with an active SIM-card as of June 30, 2011.

Under the brand Telenet for Business, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each business customer. Telenet for Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include 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.

Consumers are increasingly seeking to combine their media and communication services at one provider. Telenet believes that it is well placed to capture the value of this trend given the historically dense cable penetration in its service area, its product leadership and network superiority as well as its relentless focus on customer service. The conversion towards multiple-play directly drives the ARPU per customer relationship as customers increasingly subscribe to two or more products, while at the same time the propensity to churn decreases significantly. ARPU per customer relationship amounted to €45.1 for the six months ended June 30, 2012, a 10% increase compared to the six months ended June 30, 2011. As of June 30, 2012, approximately 67% of Telenet's customer base subscribed to either dual- or triple-play service combinations.

Key Factors Affecting Telenet's Businesses

Telenet's operations and the operating metrics discussed below have been, and may continue to be, affected by certain key factors as well as certain historical events and actions. The key factors affecting the ordinary course of Telenet's business and its results of operations include, among others, the introduction of new products and services, including new digital television pay services, higher broadband internet access speeds and the introduction of new competitive mobile rate plans under the Renewed Full-MVNO Agreement with Mobistar through which it seeks to enhance its mobile product offerings and market positioning, changes in its pricing, network upgrades and maintenance, its cost structure, customer churn and acquisitions and dispositions. Each of these factors is discussed in more detail below.

New products and services

Successful introduction of competitive multiple-play bundles

In October 2008, Telenet successfully launched its multiple-play bundles marketed under the Shakes brand. By "shaking" any chosen mix of individual products, customers can obtain the most reliable and leading products in the form of an attractively priced bundle. In July 2009, Telenet further enhanced its multiple-play offers through the inclusion of additional channels in HD. In January 2011, Telenet presented its revamped multiple-play product offering, centered on its Fibernet next generation broadband products. Customers can now select to add both digital cable television and fixed telephony services to their stand-alone broadband product for an additional €10 per month. At the end of June 2012, Telenet further boosted the speeds and volume of its broadband internet products for both new and existing customers. Hence, Telenet continues to be the fastest internet service provider in its footprint. As of June 30, 2012, approximately 67% of Telenet's customer base subscribed to two or three products as compared to approximately 61% as of June 30, 2011.

Enriched digital television experience

In May 2010, Telenet gradually introduced a new graphical user interface ("GUI") for its interactive digital television platform, offering an updated and enhanced user experience for its digital television customers. These improvements, including faster and easier navigation, improved browsing through the vast video-on-demand library and easier access to value-added services, have resulted in a further uptake of its digital platform as well as the use of additional paying services on the platform. For the six months ended June 30, 2012, the VOD buy-rate reached an average of 4.3 titles per month per average digital cable television subscriber compared to 4.2 titles for the six months ended June 30, 2011. The total number of VOD transactions increased by 12% to 18.5 million for the three months ended June 30, 2012 and to 37.2 million for the six months ended June 30, 2012.

In May 2010, Telenet also launched a web-PVR feature ("Digiprogrammer"), which enables its digital television customers to program their set-top box remotely through the internet. Telenet also successfully completed its first trials of 3D television on its existing set-top boxes, which are fully capable of broadcasting 3D television programming.

In April 2012, Telenet introduced several new features on its interactive digital television platform, whilst revamping the user interface. Some of the new features included the addition of personalized search & recommend functionalities and the mapping of personal recordings on an HD-enabled set-top box with recording and full personal video recorder ("PVR") functionalities ("HD Digicorder").

Unparalleled broadband experience through Fibernet

In February 2010, Telenet presented its next generation broadband internet lineup centered around its Fibernet product suite. Relying on the latest EuroDocsis 3.0 technology, Telenet is able to offer high-speed internet services across its entire footprint with unprecedented download speeds of up to 120 Mbps. Hence, Telenet believes it is offering the most advanced broadband internet product available in its market. The ISP Monitor Speed Test, which ranks the real speeds of all internet providers in Belgium, confirms Telenet's leading position versus all of its main competitors, including ADSL competitors.

Telenet believes the availability of EuroDocsis 3.0 across its entire footprint provides it with a marketing advantage to help further increase its subscriber base, while enabling it to grow individual broadband ARPUs as it seeks to migrate customers to higher broadband product tiers which are priced at a premium as compared to Telenet's previous product offering.

At the end of June 2012, Telenet further boosted the features and specifications of its broadband internet products, providing higher speeds and volume, for both existing and new customers. At present, Telenet commercializes two Fibernet tiers of up to 60 Mbps and up to 120 Mbps, respectively, alongside its attractive entry product Basic Internet providing a download speed of up to 30 Mbps.

Innovative second screen experience through Yelo

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 iPad™, iPhone™, laptop and personal computer. In addition, Yelo offers a range of convenient services, such as an EPG, remote programming of one's set-top box and access to video-on-demand. In March 2012, Telenet added 14 television channels to its Yelo platform, 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 Yelo platform was further enriched by adding social media features and capabilities. At present, Telenet has more than 260,000 Yelo users.

Launch of iPhone 4 and iPhone 4S

At the end of March 2011, Telenet announced an agreement with Apple on the commercialization of the iPhone 4 in Belgium. This agreement tied well into Telenet's overall mobile strategy given Telenet's increased focus on customers with a higher lifetime value, resulting in a higher ARPU per active mobile subscriber. As of May 27, 2011, Telenet has effectively started selling the iPhone 4 through all of its distribution channels in conjunction with various tariff plans, including partial or full subsidization of the device.

As of October 28, 2011, Telenet has also started selling the iPhone 4S, both on a stand-alone basis and in combination with one of its attractive iPhone-tailored rate plans. Through their iPhone subscription, customers also get free access to Telenet's dense and powerful WiFi network, both in the home as in numerous public places, catering for an unparalleled user experience.

Acquisition of certain exclusive broadcasting rights for the Belgian football championship

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 of the Jupiler Pro League on its Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet will be able to broadcast all league matches, including the five remaining matches on a non-exclusive basis, which may drive incremental subscriber growth. At the end of July 2011, Telenet completely revamped its pay television sports channel PRIME Sport into Sporting Telenet. These sports channels 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). As of June 30, 2012, approximately 183,700 customers subscribed to Sporting Telenet, up 48% as compared to June 30, 2011.

Extending reach of WiFi service for existing broadband internet customers

In February 2012, Telenet announced the start of the roll-out of its Homespots concept, following the positive assessment of a trial in the city of Ghent previously. The roll-out, which will be completed by the end of the summer 2012, will be done on a region by region base and will significantly expand the reach of Telenet's WiFi service for its existing broadband internet customers. Telenet anticipates that the number of free WiFi locations will increase by approximately 500,000 points of presence, catering for a dense network of both public and private hotspots.

Introducing Cloudoffice in the SME and SoHo segments

In March 2012, Telenet's B2B division Telenet for Business launched CloudOffice, an online platform for the small offices at home ("SoHo") and SMEs. CloudOffice is a virtual office environment, offering clients an integrated range of applications that could provide up to 80% of a company's IT requirements. CloudOffice is Telenet's response to the needs of SMEs and SoHos who wish to use and manage their IT systems in an uncomplicated manner. CloudOffice is the ideal solution for companies interested in limiting their software costs and centralizing several applications at the same time, but is also aimed at people who require access to specific information at home or while travelling, and need the same functionalities as they have in their office.

Telenet to cancel fixed contract term for new and existing customers

In June 2012, Telenet announced that it will no longer apply a fixed contract term for its broadband internet, cable television, fixed and mobile products and services. As from October 1, 2012, both new and existing customers will be able to cancel their subscription at any time without a termination fee. Telenet's new policy with regards to contract termination is more consumer-friendly than the 2012 Law prescribing a maximum contract duration of six months. See "*Risk Factors—Customer churn, or the threat of customer churn, may adversely affect Telenet's business.*".

Launch of Teletenne

Early July 2012, Telenet launched a new television product, Teletenne, using the Digital Terrestrial Television ("DTT") frequencies Telenet leases from Norkring. With an aerial and a special decoder, customers in Flanders and Brussels will now be able to watch TV with superior picture and sound quality, even where a cable connection is difficult or impossible. Teletenne is therefore ideal for second homes, summer houses, as well as for student rooms, bedrooms or houses situated outside the cable service area.

Introduction of new competitive mobile rate plans King and Kong

As part of Telenet's strategy and ambitions to further improve its mobile performance, Telenet launched two new competitive mobile rate plans "King" and "Kong" at the end of July 2012. These new plans will offer mobile customers a simple, transparent and very attractive subscription at €20 or €70 per month and include a wealth of voice minutes, text messages and mobile data to cater for almost everyone's mobile needs. On top, customers who combine these mobile plans with any of Telenet's advanced fixed products will receive a discount of €5 on the €20 plan and of €20 on the €70 plan. In this way, Telenet customers will benefit from one of the most advanced convergent offers currently available in the market.

Pricing

Telenet regularly reviews its pricing policy, carefully weighing the current and future economic and competitive environment. Historically, Telenet has increased the subscription fee for its basic cable television service in response to inflation. In January 2011, Telenet submitted an application to the regulator to increase its basic cable television subscription fee, which was granted in May 2011. As of October 2011, Telenet effectively increased its subscription fee by an average 4.2% (€0.55 per month) for the first time since 2009 and raised the associated copyright fee by €0.25 per month on average. In August 2011, Telenet also increased the subscription price for certain broadband internet products for the first time since 2007 by an average 3.0%.

Cost structure

Certain of Telenet's total operating expenses, such as a proportion of its network operating, programming and payroll costs, are relatively fixed, while a proportion of its marketing, content, interconnect, customer care, billing and subscriber acquisition costs are relatively variable and hence directly driven by subscriber growth. Telenet's most significant expense items include payroll costs, programming costs, copyright costs, customer care and interconnection fees. Telenet pays interconnection fees to other network operators when it connects to its networks in order to terminate its voice and data services. Voice interconnection fees in Belgium are regulated and the amount Telenet pays in interconnection fees in any period will depend on the level of usage of its services.

Telenet's payroll costs relate to the number and salary levels of its full-time staff and external personnel. The number of full time equivalents employed by Telenet for the year ended December 31, 2011 amounted to 2,093 compared to 2,000 for the year ended December 31, 2010. Telenet still outsources a portion of its call center customer care and sales functions. The fees that the operators charge Telenet for external call center services generally depend on the level of its customer care call volume. The level of Telenet's customer care call volume may fluctuate during any given period as a result of, among other things, the introduction of new products and services that are unfamiliar to its customers or difficult to install, the quality and reliability of its services and the quality of its alternative customer support options, including its automated customer care functions on its website. Telenet has deliberately opted to increase the number of in-house call centers. Although this has resulted in higher employee costs, the cost increase will be offset through lower network operating and service costs in future periods, as Telenet anticipates improved efficiencies in its care and sales operations through a higher proportion of insourced call centers.

Telenet does not produce its own content and is dependent on broadcasters and other content providers for programming. Telenet pays copyright royalties to various copyrights societies in Belgium that represent content producers from various countries around Europe. Telenet also pays signal costs to broadcasters in order to carry their signal on its network. Telenet generally pays author copyright royalties and signal costs on a per subscriber basis. Telenet also pays royalties to its third-party content providers for its digital pay television programming. Telenet generally pays royalties on a per subscriber basis for subscription content and pay fixed amounts for on demand content that is purchased by its subscribers. As a result, Telenet expects that its content costs will increase along with increased sales of its digital pay television content. However, some of Telenet's content supply agreements require it to pay prices for the programming based on a guaranteed minimum number of subscribers, even if that number is larger than the number of actual subscribers.

Telenet also incurs costs related to the purchase of mobile handsets and its offering of subsidized handsets to existing Telenet customers subscribing to a specific mobile subscription. As a result of the 2012 Law, the typical 24-month contract duration for mobile subscriptions will no longer be applied and Telenet has already announced its intention to remove all fixed contract terms as of October 1, 2012. From that moment onwards, mobile telephony subscribers on a subsidized rate plan need to pay the residual value of the handset if they want to terminate their contract before the handset has been fully depreciated and no additional termination fee will need to be paid anymore to terminate the mobile contract. The subscriber acquisition costs Telenet incurs are fully expensed within the relevant sales period.

Churn

Revenue growth from Telenet's residential businesses is driven primarily by ARPU and net subscriber growth, which in turn is a function of gross subscriber additions and churn. Churn is calculated as total product disconnects during a quarter (or for the full year, as appropriate), divided by the average subscriber base at the beginning of the quarter (or year) and at the end of the quarter (or year), multiplied in the case of the quarterly churn calculation by four to achieve the annualized result.

The cable television, broadband internet and telephony industries exhibit churn as a result of high levels of competition. Specifically for Telenet's cable television business, churn is also driven by the historically dense cable penetration in its footprint and customers now enjoying a wider variety of alternative television platforms. In addition to competitive alternatives, churn levels may be affected by changes in Telenet's or its competitors' prices, Telenet's level of customer satisfaction and the relocation of subscribers. Increases in churn may lead to increased costs and reduced revenue.

Telenet's churn rates have remained at moderate levels and compare favorably to most of its competitors. Telenet believes that its relatively low churn rates reflect the attractiveness of its product offering, the success of its multiple-play strategy and its continued focus on service delivery and customer care. Nevertheless, Telenet has seen an increase in annualized churn for its basic cable television service from 9.0% for the six months ended June 30, 2011 to 9.9% for the six months ended June 30, 2012 driven by increased competition in the residential television market, the historically dense cable penetration in its service footprint and the effective implementation of the analog channel reshuffle during the April-June 2012 period. For the six months ended June 30, 2012, annualized churn for Telenet's broadband internet service was 7.4% compared to 7.2% for the six months ended June 30, 2011. For fixed telephony, Telenet's annualized churn increased slightly from 7.3% for the six months ended June 30, 2011 to 7.5% for the six months ended June 30, 2012.

Churn levels are expected to be impacted by the 2012 Law limiting the possibility for fixed term contracts and prompting Telenet to remove all fixed contract terms as of October 1, 2012. See "*Risk Factors—Customer churn, or the threat of customer churn, may adversely affect Telenet's business*".

Network upgrades and maintenance

Telenet's ability to provide new high-definition and on-demand digital television services, broadband internet access at ever higher speeds and telephony services to additional subscribers depends in part on its ability to upgrade its network. At the end of 2009, Telenet completed the upgrade of its network bandwidth capacity from 450 MHz to 600 MHz and the deployment of EuroDocsis 3.0 technology across its entire footprint. Through Telenet's Fibernet broadband products, offering download speeds of up to 120 Mbps, Telenet believes it is offering the most advanced broadband internet product available in its market.

The completion of Telenet's 600 MHz bandwidth upgrade of its core network provides the foundation for the future development of its HFC network. Under its "Digital Wave 2015" investment program, Telenet seeks to further upgrade its network and services as it 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 it to build a next-generation network capable of capturing the changing consumer needs, new internet applications and future services and technology.

Acquisitions and divestitures

In October 2008, Telenet successfully finalized the acquisition of Interkabel from the PICs. As a result of this agreement, all analog and digital television activities of Interkabel and INDI were transferred from the PICs to Telenet, while the PICs remain the legal owners of the network. As a result, Telenet has expanded its service footprint to the entire region of Flanders whereas previously it was only able to sell its multiple-play bundles and television services to roughly two-thirds of Flanders.

In January 2008, Telenet completed the acquisition of Hostbasket, Belgium's largest hosting and domain name specialist, which was merged with Telenet NV on March 31, 2011.

In December of 2008, Telenet incorporated T-VGAS NV, displaying several cross-media products with a focus on teenagers and interests of their generation and hence building a bridge between advertisers and young adults.

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. The VAR is a subsidiary of the

Flemish public broadcaster VRT and manages the advertising strategy of the various public radio and television brands. The Concentra Group publishes various national, regional and specialized newspapers and magazines and owns three regional television stations. 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.

In June 2009, Telenet acquired BelCompany NV, the second largest independent supplier of mobile telecommunications and related products in Belgium. The acquisition of BelCompany has provided Telenet with improved access in the marketing of its mobile products to its target audience and has resulted in a substantial increase in the activation rate of its SIM-cards, which in turn has driven higher levels of net additions for its mobile products.

On May 31, 2010, Telenet acquired 100% of the shares of C-CURE NV, a local internet security specialist. C-CURE NV, which was founded in 1998, provides advice and integrates and develops advanced products related to internet and network security for corporate customers. Through this acquisition, Telenet added security solutions to its portfolio of corporate internet services, while making managed security services a substantial part of its product offering.

On February 18, 2011, the board of directors of T-VGAS NV decided to suspend the activities of GUNK TV as of March 31, 2011. The online gaming site 9Lives and GUNK magazine continued to exist and became part of Telenet's portfolio on April 1, 2011. The decision was taken in response to sub-par financial results from GUNK TV since the launch on May 1, 2009.

On April 27, 2011 Telenet incorporated Telenet Tecteo Bidco NV, and Tecteo SCRL subsequently acquired 25% +1 of the shares therein. This joint venture acquired the fourth 3G mobile spectrum license in Belgium, for the minimum reserved price of €71.5 million, along with an option to acquire 2G spectrum in the 900 and 1800 bands by mid 2015. As per the license conditions, Telenet Tecteo Bidco NV must launch a commercial offer by January 2013 and must meet coverage obligations of 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.

On May 31, 2012, Telenet entered into agreements with Acerta CVBA and Nationaal Hulpfonds VZW to incorporate two new companies, Doccle CVBA and Doccle.Up NV. Telenet contributed capital of €0.1 million and €0.2 million, respectively, for 33.33% of the shares in Doccle CVBA and Doccle.Up NV. The purpose of the new entities is to develop, operate and exploit an electronic communication platform for creating, managing, sending and archiving digital documents and data.

Key Operating Measures

Telenet uses several key operating measures, including RGUs and ARPU, to track the performance of its business. Neither of these terms is a measure of financial performance under IFRS, nor have these measures been reviewed by an outside auditor, consultant or expert. Each of these measures is derived from management estimates. As defined by Telenet's management, these terms may not be comparable to similar terms used by other companies. See "*Glossary*".

RGUs

Telenet classifies its customers based on its main subscription based business activities. The following table summarizes Telenet's RGUs for its basic cable television services, both in analog and digital formats, broadband internet and telephony businesses as of December 31, 2011, 2010 and 2009 and for the six months ended June 30, 2012 and 2011.

	As of June 30,		As of December 31,		
	2012	2011	2011	2010	2009
Other Operating Information					
Footprint:					
Homes passed(1)	2,856,300	2,831,300	2,843,800	2,818,800	2,793,800
RGUs:					
Total cable television	2,152,200	2,233,900	2,198,500	2,274,400	2,342,400
Analog cable television(2)	679,700	971,600	842,700	1,091,600	1,404,600
Digital cable television(2)	1,472,500	1,262,300	1,355,800	1,182,800	937,900
Broadband internet(3)	1,339,200	1,263,700	1,305,600	1,226,600	1,115,900
Fixed telephony(4)	920,200	847,300	880,100	814,600	740,900
Total RGUs (excluding mobile)	4,411,600	4,344,900	4,384,200	4,315,600	4,199,200
Mobile telephony(5)	275,400	228,100	246,400	204,400	131,100
Customer relationship information:					
Triple-play customers(6)	818,700	751,500	783,100	719,200	651,000
Total customer relationships(7)	2,152,200	2,233,900	2,198,500	2,274,400	2,342,400
Services per relationship(7)	2.05	1.94	1.99	1.90	1.79
ARPU per customer relationship(7) (8)	45.1	41.0	42.1	38.8	35.0
Penetration(9):					
Total cable television	75.3%	78.9%	77.3%	80.7%	83.8%
Broadband internet	46.9%	44.6%	45.9%	43.5%	39.9%
Fixed telephony	32.2%	29.9%	30.9%	28.9%	26.5%
Digitalization rate(10)	68.4%	56.5%	61.7%	52.0%	40.0%
Triple-play customers(11)	38.0%	33.6%	35.6%	31.6%	27.8%

(1) Homes passed represents Telenet's estimate of the number of potential residential, SoHo and SME subscribers to whom it can offer its services.

(2) As of January 1, 2012, subscribers to Telenet's INDI digital TV platform, which Telenet acquired in October 2008 as part of the Interkabel Acquisition, are no longer recognized as Digital Cable TV subscribers, but are accounted for as Analog Cable TV subscribers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods.

(3) Total broadband internet represents both residential and business broadband internet when provided via coaxial cable.

(4) Total fixed telephony represents both residential and business fixed telephony when provided via coaxial cable.

(5) Effective April 1, 2012 Telenet's mobile telephony subscriber count includes customers who subscribe to data-only mobile plans. 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.

(6) Triple-play is defined as television, broadband internet and telephony. Dual-play is defined as any two of the three products. Mobile telephony subscribers are not used as part of the calculation of dual-play or triple-play statistics.

(7) Customer relationships are equal to the sum of analog and digital basic cable television subscribers on the Combined Network.

(8) 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 rental set-top boxes 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.

(9) Number of RGUs at the end of the relevant period as a percentage of the number of homes passed by the Combined Network at the end of the relevant period.

(10) Number of digital cable television subscribers at the end of the relevant period relative to the total number of cable television subscribers at the end of the relevant period.

(11) Number of triple-play subscribers at the end of the relevant period relative to the total number of customer relationships at the end of the relevant period.

During the six months ended June 30, 2012, Telenet continued to see good uptake in its advanced service offerings of digital TV, broadband internet and fixed telephony. Despite the macro-economic backdrop and the intensely competitive environment, Telenet recorded a 24% increase in net new subscriber growth for its advanced service offerings compared to the prior year period. Telenet believes this solid achievement reflects its attractive multiple-play lineup, both in terms of pricing and leading innovative features, catering for an unrivalled user experience.

As in recent quarters, Telenet continued to enjoy solid progress in its multiple-play penetration. Telenet attracted 35,600 net new triple-play subscribers during the six months ended June 30, 2012. As of June 30, 2012, the total number of triple-play subscribers reached approximately 818,700, up 9% as compared to June 30, 2011. Hence, the number of triple-play subscribers as a proportion of Telenet's total customer base continued to grow from approximately 34% at June 30, 2011 to approximately 38% at June 30, 2012.

At June 30, 2012 and excluding its mobile RGUs, Telenet provided its approximately 2,152,200 unique subscribers a total of approximately 4,411,600 services, a 2% increase compared to the prior year period. Consequently, the number of services per customer relationship reached 2.05 at June 30, 2012 as compared to 1.94 at June 30, 2011. The 6% year-on-year increase was the direct result of Telenet's successful bundling strategy.

Since 33% of Telenet's customer base is still taking only one product, Telenet continues to see sound growth opportunities from upselling its remaining single-play subscribers to its attractive multiple-play propositions. At the same time, Telenet will focus on converting its analog cable TV subscribers to its digital TV platform. Both movements are expected to increase the ARPU per customer relationship and enhance Telenet's top line growth.

Basic cable TV subscribers, including both analog and digital services, totaled 2,152,200 at the end of June 2012 as compared to approximately 2,198,500 at the end of December 2011. This implies a net organic loss of approximately 46,300 basic cable TV subscribers for the six months ended June 30, 2012, reflecting the intensely competitive environment and the availability of competing digital platforms in our footprint. In line with its expectations, Telenet recorded a temporary higher organic loss rate for the three months ended June 30, 2012 as a result of the analog channel reshuffle, which led to a net organic loss of approximately 28,500 basic cable TV subscribers. Still, the revenue loss from these generally low ARPU subscribers in the quarter was more than offset by the robust inflow of higher ARPU digital TV subscribers. On June 30, 2012, approximately 1,472,500 of Telenet's basic cable television subscribers had upgraded to 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 video-on-demand library. This implies a digitalization rate of approximately 68% as of June 30, 2012 as compared to approximately 57% at the end of June 2011.

At June 30, 2012, Telenet served approximately 1,339,200 broadband internet subscribers, up 6% as compared to the prior year period. Consequently, 46.9% of the total number of homes connectable to Telenet's network subscribed to one of its broadband internet offerings at the end of June 2012 compared to 44.6% at the end of June 2011. At the end of June 2012, Telenet further improved the product features for both new and existing customers, providing faster download and upload speeds and allowing for even more volume.

Fixed telephony sales have consistently been running at higher levels since the introduction early last year of Telenet's repositioned multiple-play bundles with the inclusion of attractively priced flat-fee rate plans for calls made to domestic fixed lines during off peak times. Furthermore, fixed telephony sales have benefited from the introduction of the FreePhone Mobile since November 2011. At June 30, 2012, Telenet served a total of approximately 920,200 fixed telephony subscribers (+9% year-on-year). The penetration of Telenet's fixed telephony service relative to the total number of homes passed by its network continued to grow from 29.9% at the end of June 2011 to 32.2% at the end of June 2012.

Since the end of 2011, Telenet has seen a clear improvement in the pace of net additions to its mobile telephony business thanks to the introduction of attractively priced SIM-only rate plans, which allowed Telenet to tap into new market segments. During the six months ended June 30, 2012, Telenet attracted approximately 29,000 net new mobile postpaid subscribers, up 22% as compared to the six months ended June 30, 2011. Overall, Telenet served approximately 275,400 mobile subscribers at June 30, 2012 as compared to approximately 228,100 at June 30, 2011 (+21% year on year).

ARPU per customer relationship

Telenet considers the customer value, reported as ARPU per customer relationship, to be one of its key operational metrics since Telenet seeks to obtain a larger share of its customers' spending on media, entertainment and telecommunications services. ARPU per customer relationship is a measure Telenet uses to assess how effectively it is realizing potential revenue from customers. Telenet defines ARPU per customer relationship as average total recurring revenue (including revenue earned from carriage fees and rental set-top boxes 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.

The following table summarizes the ARPU per customer relationship for the different periods.

	For the six months ended June 30,		For the year ended December 31,		
	2012	2011	2011	2010	2009
	(in € per month)				
ARPU:					
Per customer relationship	45.1	41.0	42.1	38.8	35.0

The ARPU per customer relationship reached €45.1 for the six months ended June 30, 2012, a 10% increase as compared to the six months ended June 30, 2011 when the ARPU per customer relationship yielded €41.0. In addition to a higher share of multiple-play and digital cable television subscribers in the overall customer base and the continued success of its Fibernet products, Telenet attributes the robust performance in both periods to the growing contribution from its Sporting Telenet pay television channels and selective price increases. These price increases occurred on certain broadband products and the basic cable television subscription fee in August and October 2011 respectively, and were linked to an overall increase in the cost of living. These factors more than outweighed the pressure Telenet continues to experience on the individual product ARPUs as a result of a growing proportion of bundle and other price discounts. The ARPU per customer relationship, as mentioned above, excludes the recurring revenue generated by the increasing base of postpaid mobile subscribers.

Results of Operations

The following table depicts, for the periods indicated, statistics relating to Telenet's results of operations:

	For the six months ended June 30,		For the year ended December 31,		
	2012	2011	2011	2010	2009
	In millions of EUR				
Revenue					
Basic cable television	160.7	159.1	317.9	325.1	322.3
Premium cable television	111.0	88.7	189.1	150.7	115.4
Distributors/Other	31.2	24.9	57.5	55.7	56.5
Residential broadband internet	226.1	218.4	441.7	426.7	402.0
Residential telephony	152.6	133.6	279.3	255.9	224.3
Business services	45.4	45.2	90.8	84.9	76.9
Total revenue	**727.0**	**669.9**	**1,376.3**	**1,299.0**	**1,197.4**
Expenses					
Cost of services provided	(415.0)	(374.9)	(821.2)	(735.8)	(688.9)
Gross Profit	**312.0**	**295.0**	**555.1**	**563.2**	**508.5**
Selling, general and administrative expenses	(120.7)	(114.6)	(228.9)	(218.7)	(210.0)
Operating profit	**191.3**	**180.4**	**326.2**	**344.5**	**298.5**
Finance income	3.5	25.0	7.8	1.5	1.2
Finance expenses	(145.8)	(102.6)	(279.9)	(199.1)	(154.8)
Net finance expenses	(142.3)	(77.6)	(272.1)	(197.6)	(153.6)
Share of the gain (loss) of equity accounted investees	0.0	(0.1)	(0.4)	(0.4)	(0.5)
Profit before income tax	**49.0**	**102.7**	**53.7**	**146.5**	**144.4**
Income tax benefit (expense)	(24.0)	(44.2)	(36.9)	(57.2)	88.7
Profit for the period	**25.0**	**58.5**	**16.8**	**89.3**	**233.1**
Other financial information					
Adjusted EBITDA[(1)]	387.0	354.1	723.4	668.7	607.7
Adjusted EBITDA margin[(1)]	53.2%	52.9%	52.6%	51.5%	50.7%

(1) 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 Telenet Group Holding's efforts to acquire or divest controlling interests in businesses. Adjusted EBITDA is an additional measure used by management to demonstrate Telenet Group Holding's underlying performance and should not replace the measures in accordance with IFRS as an indicator of Telenet Group Holding's performance, but rather should be used in conjunction with the most directly comparable IFRS measure. Adjusted EBITDA is a non-IFRS measure.

Discussion and Analysis of Telenet's Consolidated Operating Results

Six Months Ended June 30, 2012 compared to Six Months Ended June 30, 2011

Total Revenue. For the six months ended June 30, 2012, Telenet generated revenue of €727.0 million, a 9% increase as compared to the six months ended June 30, 2011 when Telenet achieved revenue of €669.9 million. Telenet's revenue for the six months ended June 30, 2012 remained well balanced with cable television, including basic cable television, premium cable television, broadband internet and telephony all representing significant proportions of its total revenue. All of Telenet's revenue growth for the six months ended June 30, 2012 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, all resulting in a higher value per customer. Telenet also saw an increase in stand-alone iPhone 4S handset sales compared to the six months ended June 30, 2011, which are recorded under Distributors/Other revenue. Excluding the low margin revenue generated from the sale of handsets and set-top boxes, top-line growth would have been 8% for the six months ended June 30, 2012. Revenue growth during the six months ended June 30, 2012 was also supported by a higher contribution from Sporting Telenet and the selective price increases on certain broadband internet services and basic cable TV. Since these elements started to contribute to growth during the three months ended September 30, 2011, Telenet anticipates its revenue growth rate to be higher in the first half of the year as compared to the second half, as embodied within its full year outlook.

Basic cable television. The monthly basic cable television subscription fee paid for both analog and digital cable television channels remains an important contributor to Telenet's revenue and represents a steady source of cash flow. For the six months ended June 30, 2012, Telenet generated €160.7 million of basic cable television revenue as compared to €159.1 million for the six months ended June 30, 2011. The negative impact resulting from an average 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 as of October 2011 related to an increase in the underlying cost of living.

Premium cable television. Premium cable television revenue includes the revenue generated by 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 six months ended June 30, 2012, Telenet recorded premium cable television revenue of €111.0 million, marking a 25% increase as compared to the six months ended June 30, 2011 primarily attributable to the growing contribution from its Sporting Telenet pay television channels.

Distributors/Other. Distributors/Other revenue includes revenue related to (i) the sale of set-top boxes; (ii) revenue from cable television activation and installation fees; and (iii) the contribution from third-party sales and stand-alone mobile handset sales. Distributors/Other revenue jumped 25% from €24.9 million for the six months ended June 30, 2011 to €31.2 million for the six months ended June 30, 2012, primarily because of higher stand-alone iPhone 4S handset sales during the three months ended March 31, 2012. These sales generate a very low margin.

Residential broadband internet. For the six months ended June 30, 2012, residential broadband internet revenue, which captures the revenue generated by both residential and business broadband internet subscribers, totaled €226.1 million. This implies a 4% increase as compared to the six months ended June 30, 2011. In addition to continued RGU growth, residential broadband internet revenue was supported by a higher share of Fibernet customers in the overall mix and the favorable impact from the price increase on certain stand-alone product tiers that occurred in August 2011, offsetting the negative impact from a growing number of bundled subscribers in the overall mix.

Residential telephony. Residential telephony revenue, which includes the contribution from both Telenet's fixed and mobile businesses, jumped €19.0 million, or 14%, to €152.6 million for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011. Our fixed telephony revenue for the six months ended June 30, 2012 showed a 9% increase as compared to the six months ended June 30, 2011 driven by robust RGU growth on the back of the success of the FreePhone Mobile rate plan. The resulting decline in usage-related revenue was more than offset by higher subscription-based revenue because of a higher number of RGUs. Telenet's mobile telephony revenue increased 37% year on year for the six months ended June 30, 2012 driven by 21% growth in the number of postpaid subscribers and a further increase in mobile ARPU following Telenet's increased focus on smartphones and customers with a higher lifetime value.

Business services. Telenet for Business generated revenue of €45.4 million for the six months ended June 30, 2012, broadly unchanged as compared to the six months ended June 30, 2011. 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 non-recurring install revenue and a further decline in voice-related revenue. Excluding non-recurring install revenue in both periods, business services revenue for the six months ended June 30, 2012 would have grown 2% year on year.

Total Expenses. For the six months ended June 30, 2012, Telenet incurred total operating expenses of €535.7 million, a 9% increase as compared to the six months ended June 30, 2011. The increase in total operating expenses was predominantly attributable to higher depreciation and amortization charges as a result of the pro-rata amortization of the Belgian football broadcasting rights, higher network operating and service costs and higher advertising, sales and marketing expenses. Total operating expenses represented approximately 74% of overall revenue for the six months ended June 30, 2012 as compared to approximately 73% for the six months ended June 30, 2011. The increase was predominantly attributable to higher depreciation and amortization charges, higher network operating and service costs and higher advertising, sales and marketing expenses.

Employee benefits. Employee benefits amounted to €73.9 million for the six months ended June 30, 2012, a 2% decrease as compared to the six months ended June 30, 2011 despite the negative impact from the compulsory salary indexation of approximately 3.5% for all employees in early 2012. The year-on-year decrease in personnel expenses was mainly driven by a €2.3 million release of certain prior year bonus accruals, without which personnel expenses would have increased approximately 1%.

Depreciation, amortization and impairment. Depreciation and amortization, including losses on disposal of property and equipment and other intangible assets, increased 17% year-on-year to €191.9 million for the six months ended June 30, 2012. This 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. Network operating and service costs, which include all direct expenses such as call center costs, costs related to handset purchases, interconnect, programming and network-related expenses, continued to represent the vast majority of total operating expenses. Network operating and service costs increased 12% to €207.4 million for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011. The increase was predominantly attributable to higher costs related to handset sales, higher copyright expenses as a result of the increased basic cable TV subscription fee as from October 2011 and higher programming costs related to the Belgian football championship. Furthermore, Telenet incurred higher interconnect costs as a result of the launch of FreePhone Mobile, offset by a decline in fixed-to-mobile termination rates since January 2012. Network operating and service costs for the six months ended June 30, 2012 benefited from a non-recurring release of certain bad debt allowances, without which network operating and service costs would have grown 13% as compared to the prior year period.

Advertising, sales and marketing expenses. Advertising, sales and marketing expenses of €34.3 million for the six months ended June 30, 2012 were up 30% as compared to the six months ended June 30, 2011. The increase mainly reflected (i) higher sales commissions as a result of the robust net new subscriber growth for all products; (ii) higher advertising spending to accommodate the analog channel reshuffle and the start of the play-offs in Belgian football; and (iii) higher call center expenses linked to the higher-than-anticipated success of the digital TV migration campaign.

Other costs. Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, fell 17% year-on-year to €24.6 million for the six months ended June 30, 2012. This cost line primarily reflects business-supporting corporate advisory and legal fees.

Net finance expenses. Net finance expenses for the six months ended June 30, 2012 totaled €142.3 million compared to €77.6 million for the six months ended June 30, 2011. The sharp increase was the combined effect of (i) a strong decrease in the fair value of our derivatives which yielded a €38.0 million loss for the six months ended June 30, 2012 versus a €20.4 million gain for the six months ended June 30, 2011; and (ii) an 11% increase in net interest expenses as a result of the debt extension and deferred payments on the 3G mobile spectrum.

Interest income and foreign exchange gain. Interest income and foreign exchange gain was €3.5 million for the six months ended June 30, 2012, a €1.1 million decrease as compared to the six months ended June 30, 2011 reflecting the lower returns from the significantly lower cash balance that Telenet 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.

Interest expense and foreign exchange loss. Interest expenses and foreign exchange loss amounted to €107.8 million for the six months ended June 30, 2012 as compared to €97.3 million for the six months ended June 30, 2011. The 11% year-on-year increase was the cumulative effect of (i) the issuance of an additional €175.0 million Term Loan under the existing Senior Credit Facility in February 2012, (ii) the interest on the deferred payment of the 3G mobile spectrum, and (iii) higher EURIBOR interest rates which set the basis for the majority of the interest expenses on the Senior Credit Facility.

Net gains and losses on derivative financial instruments. Telenet Group Holding has entered into various derivative instruments to significantly reduce its exposure to interest rate increases through the maturity date of the Senior Credit Facility. During 2010 and the second half of 2011, Telenet Group Holding 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 June 30, 2012, Telenet Group Holding had a combination of 1% of caps, 23% of collars and 76% of swap instruments that provide for a maximum average interest rate of 3.6% on top of the respective margins per Term Loan. Telenet Group Holding's derivatives are spread over different financial institutions and geographies to minimize counterparty risks.

In line with IFRS accounting standards, 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 cash flows until such time as the derivatives are fully or partially settled. For the six months ended June 30, 2012, Telenet incurred a loss of €38.0 million versus a gain of €20.4 million for the six months ended June 30, 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), Telenet expects the mark-to-market valuation of these instruments to have a positive (negative) impact on its net result.

Loss on extinguishment of debt. As a result of the early redemption of certain outstanding Term Loans under the Senior Credit Facility for an aggregate €286.5 million, €5.3 million of third-party costs and related deferred financing costs were expensed for the six months ended June 30, 2011.

Income taxes. Telenet recorded income tax expense of €24.0 million for the six months ended June 30, 2012 compared to income tax expense of €44.2 million for the six months ended June 30, 2011. The higher losses on derivative financial instruments for the six months ended June 30, 2012 reduced overall profit before income taxes, which had a positive impact on the year-on-year evolution of the deferred income tax expense.

Profit for the period. Telenet recorded a net profit of €25.0 million for the six months ended June 30, 2012, including a loss on derivative financial instruments of €38.0 million, without which Telenet would have recorded a net profit of €63.0 million. For the six months ended June 30, 2011, Telenet reported a net profit of €58.5 million, including a €20.4 million gain on derivative financial instruments and a €5.3 million loss on extinguishment of debt, without which Telenet would have recorded a net profit of €43.4 million. The underlying increase in net profit, excluding gains and losses on derivative financial instruments and losses on extinguishment of debt, primarily reflected higher Adjusted EBITDA and lower deferred income tax expenses, offsetting the negative impact from higher amortization charges on the Belgian football broadcasting rights.

Year Ended December 31, 2011 compared to the Year Ended December 31, 2010

Total revenue. For the year ended December 31, 2011, Telenet generated revenue of €1,376.3 million, a 6% increase compared to the year ended December 31, 2010 when Telenet recorded revenue of €1,299.0 million. The year-on-year revenue growth rate was negatively impacted by the January 1, 2011 change in the presentation of revenue and expenses related to certain premium voice and SMS content services. Since telecommunications operators are no longer carrying legal responsibility for the collection of these services following a change in the Belgian legislation, the costs related to these premium voice and SMS content services are netted off against revenue. This reporting change had a negative impact on Telenet's residential telephony revenue of approximately €8.0 million for the year ended December 31, 2011 but did not affect Telenet Group Holding's Adjusted EBITDA. Substantially all of Telenet's revenue growth during the year ended December 31, 2011 was organic and directly driven by the underlying growth in the number of fixed and mobile telephony services, the ongoing migration from analog to digital cable television and the recently started uptiering of Telenet's existing high-end broadband customer base to Fibernet, all resulting in a higher value per customer. Telenet's business services division, Telenet for Business, also delivered healthy high single-digit top line growth for the year ended December 31, 2011 driven by the acquisition of C-CURE as of May 31, 2010 and strong growth for its value-added services including hosting, managed security and cloud solutions.

Basic cable television. For the year ended December 31, 2011, basic cable television revenue decreased 2% to €317.9 million, from €325.1 million for the year ended December 31, 2010 as a result of an average lower number of active subscribers.

Premium cable television. For the year ended December 31, 2011, Telenet recorded premium cable television revenue of €189.1 million, a 25% increase as compared to the year ended December 31, 2010. The year-on-year growth in premium cable television revenue was driven by higher revenue generated from its pay television channel Sporting Telenet following the acquisition of certain exclusive football broadcasting rights for the Belgian championship, as well as further growth in VOD revenue.

Residential broadband internet. Residential broadband internet totaled €441.7 million for the year ended December 31, 2011, a 4% increase compared to the year ended December 31, 2010. Revenue growth was primarily driven by the underlying growth in Telenet's subscriber base and the gradual uptiering of its customer base to Fibernet. In addition, in line with previous quarters, Telenet continued to sell the vast majority of broadband subscriptions through bundled offers and the proportionate allocation of that bundle discount over all involved products continued to weigh on the individual broadband ARPU.

Distributors/Other. For the year ended December 31, 2011, Distributors/Other revenue grew 3% to €57.5 million from €55.7 million for the year ended December 31, 2010. Lower sales throughout the year ended December 31, 2011 were offset by much higher stand-alone iPhone4S handset sales for the three months ended December 31, 2011.

Residential telephony. Residential telephony revenue jumped €23.4 million, or 9%, to €279.3 million for the year ended December 31, 2011 as compared to the year ended December 31, 2010 despite approximately €8.0 million lower revenue from the reporting change for certain premium voice and SMS content services as previously discussed. Residential telephony revenue growth would have been 13% excluding the impact of the aforementioned reporting change. Telenet's fixed telephony revenue for the year ended December 31, 2011 remained broadly stable as compared to the year ended December 31, 2010 as an increased number of RGUs offset the decline in usage-related revenue. Telenet's mobile business, however, continued to make a growing contribution to Telenet Group Holding's overall top line growth driven by 20% growth in the number of postpaid subscribers and a further increase in mobile ARPU following Telenet's increased focus on smartphones and customers with a higher lifetime value.

Business services. Telenet for Business, Telenet's business services division, recorded 7% top line growth for the year ended December 31, 2011 to €90.8 million. Growth was sustained by sound demand for Telenet's leading connectivity solutions and a broad array of value-added services, which Telenet has added in order to offer its customers a state-of-the-art integrated solution. The acquisition of C-CURE, a local managed security specialist which Telenet acquired on May 31, 2010, also boosted year-on-year revenue growth.

Total Expenses. Operating expenses for the year ended December 31, 2011 totaled €1,050.1 million, a 10% increase as compared to the year ended December 31, 2010 when Telenet incurred total operating expenses of €954.5 million. The increase in total operating expenses was driven by higher employee benefits, depreciation, amortization and impairment charges, including a €28.5 million impairment on the intangibles assets related to DTT, and higher network operating and service costs in line with revenue growth. Excluding the DTT-related impairment, total operating expenses for the year ended December 31, 2011 were up 7% as compared to the year ended December 31, 2010. Total operating expenses represented approximately 76% of overall revenue for the year ended December 31, 2011 as compared to approximately 73% for the year ended December 31, 2010. The increase was predominantly attributable to higher depreciation, amortization and impairment charges, including the aforementioned €28.5 million impairment charge on the DTT-related intangible assets. Excluding the DTT-related impairment, total operating expenses as a percentage of revenue were approximately 74% in 2011.

Employee benefits. Employee benefits for the year ended December 31, 2011 increased 8% to €144.4 million from €133.8 million for the year ended December 31, 2010. The increase in personnel expenses reflected the mandatory implementation of the wage indexation for all employees as of early 2011, a general increase in staffing levels as a result of business growth and a further insourcing of call centers. The latter is expected to be offset by lower network operating and service costs in future periods, as Telenet anticipates improved efficiencies in its care and sales operations through a higher proportion of insourced call centers.

Depreciation, amortization and impairment. Depreciation, amortization and impairment totaled €383.3 million for the year ended December 31, 2011, a 22% increase as compared to the year ended December 31, 2010. This increase primarily reflected 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 as the football seasons progress. Telenet also recognized 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 cable regulation.

Network operating and service costs. Network operating and service costs continued to represent the vast majority of total operating expenses for the year ended December 31, 2011. For the year ended December 31, 2011, network operating and service costs showed a 5% increase year-on-year to €395.4 million, a growth rate which was lower than the 6% growth in Telenet's overall revenue.

Advertising, sales and marketing expenses. Advertising, sales and marketing expenses for the year ended December 31, 2011 reached €60.8 million, a 12% decrease as compared to the year ended December 31, 2010 when Telenet incurred higher expenses because of specific marketing campaigns related to the launch of Fibernet and Yelo.

Other costs. Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, increased 7% from €49.6 million for the year ended December 31, 2010 to €53.2 million for the year ended December 31, 2011. The increase as compared to the year ended December 31, 2010 reflected higher costs as part of the regulatory review as well as other business-supporting corporate advisory and legal fees.

Net finance expenses. Net finance expenses totaled €272.1 million for the year ended December 31, 2011 as compared to €197.6 million for the year ended December 31, 2010. This 38% year-on-year increase reflected primarily higher interest expenses on the Term Loans under Telenet's Senior Credit Facility as a result of the issuance of additional debt and an increase in the overall interest margin following the voluntary extension of debt maturities. Furthermore, Telenet incurred a €11.4 million loss as a result of the early redemption of certain Term Loans. Finally, interest rate derivatives for the year ended December 31, 2011 yielded a much steeper loss as compared to the year ended December 31, 2010.

Interest income and foreign exchange gain. Interest income and foreign exchange gain for the year ended December 31, 2011 was €7.8 million, up €6.3 million compared to €1.5 million for the year ended December 31, 2010. The increase was driven by the returns from a significantly higher cash balance that Telenet invested prior to the capital reduction of July 2011.

Interest expenses and foreign exchange loss. Interest expense and foreign exchange loss totaled €205.8 million for the year ended December 31, 2011, up from €152.2 million for the year ended December 31, 2010. The 35% increase is the cumulative effect of (i) a 17% or €374.8 million net increase in Telenet's indebtedness from December 31, 2010 to December 31, 2011, (ii) an increase in the overall interest margin on Telenet's Senior Credit Facility, following the maturity extension processes, and (iii) higher EURIBOR interest rates which set the basis for the majority of the interest expenses on the Senior Credit Facility.

Net gains and losses on derivative financial instruments. For the year ended December 31, 2011, the change in fair value of interest rate derivatives yielded a loss of €62.7 million versus a loss of €39.0 million for the year ended December 31, 2010, mainly driven by a downward shift of the projected forward interest rate curve.

Loss on extinguishment of debt. As a result of the early redemption of certain outstanding Term Loans under the Senior Credit Facility for an aggregate €686.5 million as part of Telenet Group Holding's financing optimizations, €11.4 million of transaction costs and related deferred financing costs were expensed for the year ended December 31, 2011, as compared to €7.9 million for the year ended December 31, 2010.

Income taxes. For the year ended December 31, 2011, Telenet recorded an income tax expense of €36.9 million compared to an income tax expense of €57.2 million for the year ended December 31, 2010. The higher losses on derivative financial instruments for the year ended December 31, 2011 and the impairment on the intangible assets related to the DTT-license reduced overall profit before income taxes, which had a positive impact on the year-on-year evolution of deferred income tax expenses.

Profit for the period. Telenet recorded a net profit of €16.8 million for the year ended December 31, 2011, including a loss on interest rate derivatives of €62.7 million, a €11.4 million loss on extinguishment of debt and a €28.5 million impairment on the intangible assets related to the DTT-license, without which Telenet would have recorded a net profit of €119.4 million. For the year ended December 31, 2010, Telenet reported a net profit of €89.3 million, including a €39.0 million loss on interest rate derivatives and a €7.9 million loss on extinguishment of debt, without which Telenet would have recorded a net profit of €136.2 million. The underlying decrease in net profit, excluding losses on derivative financial instruments, losses on extinguishment of debt and impairments, primarily reflected the impact from higher interest expenses and amortizations of broadcasting rights following the acquisition of the broadcasting rights for Belgian football.

Year Ended December 31, 2010 compared to the Year Ended December 31, 2009

Total revenue. For the year ended December 31, 2010, Telenet generated revenue of €1,299.0 million, an 8% increase compared to €1,197.4 million for the year ended December 31, 2009. Telenet's revenue was impacted by €3.7 million lower revenue from contract termination billings, which represents the termination fee it charges to customers upon cancellation of their one-year contract obligation. The bulk of Telenet's top line growth was organic and directly driven by the underlying growth in the number of fixed and mobile services and the ongoing migration from analog to digital cable television, all through which Telenet was able to obtain a higher ARPU per customer relationship. Telenet's business services division also delivered healthy top line growth on the back of its reinforced product portfolio and recent major contract wins. Excluding the impact from the acquisitions of BelCompany (fully consolidated since June 30, 2009) and C-CURE (fully consolidated since May 31, 2010), Telenet achieved 7% revenue growth for year ended December 31, 2010.

Basic cable television. For the year ended December 31, 2010, Telenet generated €325.1 million of basic cable television revenue, broadly stable compared to the €322.3 million Telenet generated for the year ended December 31, 2009. The anticipated contraction in the number of basic cable television subscribers was offset by a 6% price increase which was introduced in February 2009 and which had a deferred benefit on Telenet's revenue until February 2010.

Premium cable television. Premium cable television revenue reached €150.7 million for the year ended December 31, 2010, an increase of 31% compared to €115.4 million it generated for the year ended December 31, 2009. Telenet's premium cable television revenue growth reflected the growth of Telenet's digital television base.

Distributors/Other. Distributors/Other revenue fell 1% from €56.5 million for the year ended December 31, 2009 to €55.7 million for the year ended December 31, 2010. The positive impact from the full year consolidation of BelCompany in 2010, as opposed to only two quarters in 2009, was offset by lower installation revenue as Telenet attracted on a gross basis relatively fewer subscribers for the year ended December 31, 2010 compared to the year ended December 31, 2009 when it still enjoyed the early benefits from the Interkabel Acquisition.

Residential broadband internet. Residential broadband internet revenue increased by 6% to €426.7 million for the year ended December 31, 2010 from €402.0 million for the year ended December 31, 2009. The positive impact of strong subscriber growth and a lower propensity to downward migrations in internet product tiers outweighed the negative impact of a growing proportion of bundle discounts applied to broadband internet revenue as a result of a higher sales concentration in bundles.

Residential telephony. Telenet's residential telephony revenue increased by 14% to €255.9 million for the year ended December 31, 2010 compared to €224.3 million for the year ended December 31, 2009. The robust growth in residential telephony revenue predominantly stemmed from a growing contribution from Telenet's mobile business induced by a higher number of postpaid subscribers and more importantly a significant increase in Telenet's mobile ARPU as a result of an increasing proportion of higher rate plans in Telenet's new sales. For the year ended December 31, 2010, Telenet's mobile revenue more than doubled compared to the prior year and increasingly contributed to the overall top line. Telenet's fixed telephony revenue also showed steady growth as a higher number of RGUs was only partially offset by a further decline in the individual fixed telephony ARPU given the higher proportion of customers on flat-fee rate plans and a sustained high concentration of bundle sales.

Business services. Telenet's business services division generated revenue of €84.9 million for the year ended December 31, 2010, an increase of 10% compared to €76.9 million of revenue generated for the year ended December 31, 2009. Growth was driven by good traction for Telenet's professional data and fiber solutions; whereas a large proportion of this growth was related to the acquisition of C-CURE, a Mechelen-based security specialist which Telenet began to fully consolidate as of May 31, 2010.

Total Expenses. Total operating expenses totaled €954.5 million for the year ended December 31, 2010, a 6% increase compared to €898.9 million for the year ended December 31, 2009. The increase in operating expenses was partially inorganic and related to the acquisitions of BelCompany and C-CURE. On an organic basis, operating expenses for the year ended December 31, 2010 showed a more modest growth of 4% compared to the year ended December 31, 2009. Despite the continued growth in the number of services and the effective implementation of its Full-MVNO, Telenet's operating expense growth trailed Telenet's revenue growth, reflecting the benefits of the various process improvements that Telenet has put in place, its improved customer service and its disciplined overall cost control.

Employee benefits. Employee benefits increased 9% from €123.1 million for the year ended December 31, 2009 to €133.8 million for the year ended December 31, 2010. This increase reflected the underlying growth in Telenet's staffing levels as a result of the acquisitions of BelCompany and C-CURE and Telenet's deliberate strategy to increase the proportion of insourced call centres. Telenet continues to believe that a greater proportion of insourced call centers as opposed to outsourced call centers will enable it to further increase customer service levels and to reach higher closing rates and efficiencies in terms of sales. The resulting higher employee benefits will be offset by lower network operating and service costs. As of December 31, 2010, Telenet employed approximately 2,000 full-time equivalents compared to 1,887 at the end of December 2009.

Depreciation, amortization and impairment. Depreciation, amortization and impairment expense was €313.8 million for the year ended December 31, 2010, an increase of 4% compared to €302.8 million for the year ended December 31, 2009. This increase reflected the impact of capital expenditures that was only partially offset by the impact of certain assets becoming fully depreciated. In the fourth quarter of 2010, Telenet accrued €30.7 million related to the DTT license, which will be amortized on a straight-line basis over a 14-year period from 2011 onwards.

Network operating and service costs. Network operating and service costs totaled €378.2 million for the year ended December 31, 2010, an increase of 10% compared to €343.2 million for the year ended December 31, 2009. The increase in network operating and service costs was primarily growth-related and directly correlated with the continued growth in the number of services, higher content costs as a result of a further digitalization of Telenet's cable television subscriber base, higher interconnect costs and higher maintenance costs as a result of a larger installed base and the implementation of the Full-MVNO for which Telenet has developed its own mobile switch, rating and billing platform. Finally, the growth in network operating and service costs also reflected the purchase costs of mobile handsets, which Telenet only started offering as from October 2009.

Advertising, sales and marketing expenses. Advertising, sales and marketing expenses were flat year-on-year at €69.3 million for the year ended December 31, 2010 despite the impact of new mobile-focused marketing campaigns, the BelCompany acquisition and the launch of Telenet's mobile TV platform, Yelo. Telenet was able to maintain its advertising, sales and marketing expense levels thanks to a decline in sales commissions and an increased efficiency from new sales being realized through its website and customer care call centers.

Other costs. Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, reached €49.6 million for the year ended December 31, 2010, broadly stable compared to €49.0 million for the year ended December 31, 2009. This specific cost line predominantly reflects business supporting corporate advisory and legal fees.

Net finance expenses. Net finance expenses were €197.6 million for the year ended December 31, 2010 compared to €153.6 million for year ended December 31, 2009. This increase primarily reflects a higher negative impact from changes in the fair value of interest rate hedges and the upfront premiums related to the optimization of derivative instruments. The interest expenses on the Term Loans under Telenet's Senior Credit Facility slightly increased as a result of higher indebtedness and an increase in the overall interest margin following Telenet's maturity extension processes in August 2009 and in September 2010.

Interest income and foreign exchange gain. Interest income and foreign exchange gain for the year ended December 31, 2010 was €1.5 million, a slight increase compared to €1.2 million for the year ended December 31, 2009.

Interest expenses and foreign exchange loss. Telenet's interest expense and foreign exchange loss for the year ended December 31, 2010 totaled €152.2 million, up from €133.9 million for the year ended December 31, 2009. The 14% increase is the net effect from (i) an 8% increase in Telenet's average higher indebtedness and (ii) an increase in the overall interest margin following the maturity extension processes in August 2009 and in September 2010, partially offset by (iii) lower EURIBOR interest rates which set the basis for the majority of interest expenses carried on Telenet's Senior Credit Facility.

Net gains or losses on derivative financial instruments. For the year ended December 31, 2010, the change in fair value of Telenet's interest rate derivatives yielded a loss of €39.0 million compared to a loss of €20.9 million for the year ended December 31, 2009.

Loss on extinguishment of debt. As a result of the prepayment of certain outstanding Term Loans under Telenet's Senior Credit Facility for an aggregate €208.8 million, €7.9 million of third-party costs and related deferred financing costs were expensed for the year ended December 31, 2010.

Income Taxes. For the year ended December 31, 2010, Telenet recorded an income tax expense of €57.2 million compared to an income tax benefit of €88.7 million for the year ended December 31, 2009, reflecting a nonrecurring tax credit of €124.6 million recorded in the year ended December 31, 2009 following the recognition of a deferred tax asset related to the net operating losses of Telenet's subsidiary Telenet BidCo NV (now renamed Telenet NV).

Profit for the period. Telenet recorded a net profit of €89.3 million for the year ended December 31, 2010, including a loss on interest rate derivatives of €39.0 million and a €7.9 million loss on extinguishment of debt, without which Telenet would have recorded a net profit of €136.2 million. For the year ended December 31, 2009, Telenet reported a net profit of €233.1 million, including a €20.9 million loss on interest rate derivatives and a €124.6 million nonrecurring tax credit, without which Telenet would have recorded a net profit of €129.4 million.

Adjusted EBITDA

Six Months Ended June 30, 2012 compared to Six Months Ended June 30, 2011

For the six months ended June 30, 2012, Telenet generated €387.0 million of Adjusted EBITDA, up 9% as compared to the six months ended June 30, 2011 when Telenet yielded Adjusted EBITDA of €354.1 million. Despite realizing faster growth in lower margin activities, including more handset sales and higher advertising, sales and marketing expenses for the six months ended June 30, 2012, Telenet realized an Adjusted EBITDA margin of 53.2% compared to 52.9% for the six month period ended June 30, 2011. The margin for the six months ended June 30, 2012 was positively influenced by the aforementioned release of certain prior year bonus accruals and bad debt allowances, without which Telenet's Adjusted EBITDA would have grown 8% year-on-year. Telenet's continued focus on maintaining efficient operations and platform improvements within the organization, a relatively larger share of multiple-play subscribers in the net additions subscriber mix, strict control on overhead expenses and generally less spending on mobile activities remained the key drivers for the achieved Adjusted EBITDA growth.

Year Ended December 31, 2011 compared to the Year Ended December 31, 2010

For the year ended December 31, 2011, Telenet achieved Adjusted EBITDA of €723.4 million, an 8% increase as compared to the year ended December 31, 2010 when Telenet generated Adjusted EBITDA of

€668.7 million. Despite higher personnel expenses, higher corporate advisory and legal fees as a result of the regulatory review of the local TV access markets and costs related to the rebranding of Sporting Telenet, Telenet was able to realize an Adjusted EBITDA margin of 52.6% for the year ended December 31, 2011 compared to 51.5% for the year ended December 31, 2010. Telenet attributes this robust performance to its continued focus on maintaining efficient operations and platform improvements within its organization, a relatively larger share of triple-play subscribers in the net additions subscriber mix, strict control on overhead expenses and generally less spending on its mobile activities.

Year Ended December 31, 2010 compared to the Year Ended December 31, 2009

For the year ended December 31, 2010, Telenet generated Adjusted EBITDA of €668.7 million, a strong increase of 10% compared to €607.7 million for the year ended December 31, 2009. For the year ended December 31, 2010, Telenet realized an Adjusted EBITDA margin of 51.5% compared to 50.7% for the year ended December 31, 2009. Despite selective investments in new growth domains, the dilutive margin impact from the acquired businesses of BelCompany and C-CURE and elevated inroads into mobile, Telenet was able to expand its Adjusted EBITDA margin. This shows that Telenet continued to deliver on its promise of maintaining a sound financial profile and Adjusted EBITDA margin despite selective investments. The strong growth in its Adjusted EBITDA was primarily the result of Telenet's continued focus on process and product platform improvements, the continued growth of multiple-play as a proportion of total customer base and overall disciplined cost control, which more than compensated for its increased mobile activities.

Liquidity and Capital Resources

Sources and Uses of Cash

As a holding company, Telenet Group Holding's primary assets are its investments in consolidated subsidiaries. Telenet Group Holding's primary subsidiary is Telenet NV, which owns all of the operating subsidiaries that are consolidated by Telenet Group Holding. Although Telenet's consolidated subsidiaries have generated cash from operating activities, the terms of the instruments governing the indebtedness of certain of these subsidiaries, including Telenet NV and Telenet International Finance, may restrict its ability to access the assets of these subsidiaries. As set forth in the table below, these subsidiaries accounted for substantially all of Telenet's consolidated cash and cash equivalents at June 30, 2012. In addition, Telenet's ability to access the liquidity of these and other subsidiaries may be limited by tax considerations and other factors.

Cash and cash equivalents

The details of the euro equivalent balances of Telenet's consolidated cash and cash equivalents at June 30, 2012 are set forth in the following table. With the exception of Telenet Group Holding, which is reported on a stand-alone basis, the amounts presented below include the cash and cash equivalents of the named entity and its subsidiaries unless otherwise noted (in millions):

Cash and cash equivalents held by:	
Telenet Group Holding	€ 19.9
Telenet NV	336.9
Other Telenet companies	0.2
Total cash and cash equivalents	€ 357.0

Liquidity of Telenet Group Holding

The €19.9 million of cash and cash equivalents held by Telenet Group Holding represented available liquidity at the corporate level at June 30, 2012. The remaining cash and cash equivalents of €337.1 million at June 30, 2012 were held by Telenet Group Holding's operating subsidiaries as set forth in the table above. As noted above, various factors may limit Telenet Group Holding's ability to access the cash of its consolidated operating subsidiaries.

From time to time, Telenet Group Holding may also receive (i) proceeds in the form of distributions or loan repayments from its operating subsidiaries or affiliates upon (a) the completion of recapitalizations, refinancings, asset sales or similar transactions by these entities or (b) the accumulation of excess cash from operations or other means or (ii) proceeds received in connection with Telenet's issuance of debt or equity securities.

The ongoing cash needs of Telenet Group Holding include general corporate and administrative expenses. From time to time, Telenet Group Holding may also require cash in connection with (i) capital disbursements to its equity holders, (ii) acquisitions, (iii) the repurchase of equity and debt securities or (iv) other investment opportunities. No assurance can be given that any external funding would be available on favorable terms, or at all.

Liquidity of Subsidiaries

The cash and cash equivalents of Telenet Group Holding's significant subsidiaries are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of Telenet Group Holding's subsidiaries are cash from operations and, in the case of Telenet NV and Telenet International Finance, borrowing availability under their respective debt instruments. On June 30, 2012, Telenet had aggregate undrawn debt facilities of €282.0 million. Under the Senior Credit Facility, Telenet Group Holding has access to the additional committed Revolving Facility of €158.0 million, subject to compliance with certain covenants, with availability up to and including December 31, 2016. On August 31, 2012, Telenet Group Holding will also have access to the undrawn amounts under Term Loans Q2 and R2 of €74.0 million and €50.0 million, respectively, with availability up to and including July 31, 2017 and July 31, 2019, respectively. Telenet Group Holding's subsidiaries' liquidity generally is used to fund capital expenditures and debt service requirements. From time to time, Telenet Group Holding's subsidiaries may also require funding in connection with (i) acquisitions and other investment opportunities, (ii) loans to Telenet Group Holding and (iii) distributions to Telenet Group Holding. No assurance can be given that any external funding would be available to Telenet Group Holding's subsidiaries on favorable terms, or at all.

For a discussion of Telenet's consolidated capital expenditures and cash provided by operating activities, see the discussion under "—*Condensed Consolidated Cash Flow Statements*" below.

Capitalization

Telenet seeks to maintain its debt at levels that provide for attractive returns without assuming undue risk. In this regard, Telenet strives to cause its operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between three and a half and four and a half times Telenet's Consolidated Annualized EBITDA, which Telenet believes provides for an optimal balance between growth and shareholder returns on the one hand and Telenet's ability to access the capital markets on the other hand. The ratio of Telenet Group Holding's June 30, 2012 Net Total Debt to Consolidated Annualized EBITDA, as defined and calculated in accordance with the Senior Credit Facility, was 3.1 to 1.00. Including the drawing down of amounts available under Facilities Q2 (€74.0 million) and R2 (€50.0 million) in connection with the August 2012 Capital Reduction, the ratio of Telenet Group Holding's June 30, 2012 Net Total Debt to Consolidated Annualized EBITDA at the end of June 2012 would have been 3.5 to 1.0. As adjusted for the issuance of the Notes, the application of the proceeds therefrom for the Voluntary Self Tender, and the August 2012 Capital Reduction, Net Total Debt to Consolidated Annualized EBITDA at the end of June 2012 would have been 4.4 to 1.0.

Telenet's ability to service or refinance its debt and to maintain compliance with its leverage covenants is dependent primarily on its ability to maintain or increase the Adjusted EBITDA of its operating subsidiaries and to achieve adequate returns on its capital expenditures and acquisitions. In this regard, if the Adjusted EBITDA of Telenet Group Holding were to decline significantly, it could be required to repay or limit its borrowings under the Senior Credit Facility in order to maintain compliance with applicable covenants.

At June 30, 2012, Telenet's outstanding consolidated third-party debt and capital lease obligations aggregated €3,023.0 million, including €59.6 million that was classified as current in its condensed consolidated statement of financial position.

Telenet believes that it has sufficient resources to repay or refinance the current portion of its debt and capital lease obligations and to fund its foreseeable liquidity requirements during the next twelve months. However, as its debt maturities grow in later years, Telenet anticipates that it will seek to refinance or otherwise extend its debt maturities. No assurance can be given that Telenet will be able to complete additional refinancing transactions or otherwise extend its debt maturities in light of current market conditions. In this regard, it is not possible to predict how the current state of the credit and equity markets and the associated difficult economic conditions will impact Telenet's future financial position. However, (i) additional financial institution failures could (a) reduce amounts available under committed credit facilities and (b) adversely impact Telenet's ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact Telenet's ability to access debt financing on favorable terms, or at all.

In addition, sustained or increased competition, particularly in combination with a weak economy, could adversely impact Telenet's cash flows and liquidity. The regulatory decisions of the BIPT, VRM and CSA aim to, and may potentially, strengthen Telenet's competitors by granting them access to Telenet's network. At this stage it is unclear, however, what effect these regulatory decisions, if adopted and implemented in their current form, will have on competition. See "*Description of Telenet's Business—Regulation—Broadcasting Regulation—Draft Decisions of the BIPT, the VRM, the CSA and the Medienrat*" and "*Risk Factors—Risks Relating to Legislative and Regulatory Matters—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which Telenet operates*".

Condensed Consolidated Cash Flow Statements

The table below summarizes Telenet's consolidated cash flow for the different periods.

	For the six months ended June 30,		For the year ended December 31,		
	2012	2011	2011	2010	2009
	In millions of EUR				
Cash flow provided by operating activities	280.7	287.6	540.8	503.8	440.8
Cash flow used in investing activities	(160.2)	(146.5)	(293.4)	(248.0)	(279.6)
Cash flow provided by (used in) financing activities	(110.1)	404.5	(540.4)	238.1	(81.1)
Net increase (decrease) in cash and cash equivalents	**10.4**	**545.6**	**(293.0)**	**493.9**	**80.1**
Free Cash Flow(1)	117.4	137.7	242.0	253.6	162.4

(1) 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, and (iii) principal payments on capital leases (exclusive of network-related leases), each as reported in Telenet Group Holding's consolidated statement of cash flows. Free Cash Flow is an additional measure used by management to demonstrate Telenet Group Holding's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with IFRS as an indicator of Telenet Group Holding's performance, but rather should be used in conjunction with the most directly comparable IFRS measure. Free Cash Flow is a non- IFRS measure.

Six Months Ended June 30, 2012 compared to Six Months Ended June 30, 2011

Net cash provided by operating activities. Net cash provided by operating activities totaled €280.7 million for the six months ended June 30, 2012, slightly down as compared to €287.6 million for the six months ended June 30, 2011. A solid 9% growth in Adjusted EBITDA was offset by a 30% increase in cash interest expenses and an unfavorable trend in working capital, especially during the three months ended March 31, 2012.

Net cash used in investing activities. Telenet Group Holding used €160.2 million of net cash in investing activities for the six months ended June 30, 2012, up 9% versus the €146.5 million Telenet Group Holding used for the six months ended June 30, 2011. The cash used in investing activities comprised the cash payments for capital expenditures, including the cash payment of €10.4 million for the second tranche of the Belgian football broadcasting rights during the three months ended March 31, 2012, net of the proceeds received from other operators and broadcasters using a portion of these rights. In the three months ending September 30, 2012, Telenet anticipates to make another cash payment ahead of the start of new 2012-2013 season, with the remaining payment due in the three months ending March 31, 2013.

Free cash flow. For the six months ended June 30, 2012, Telenet generated Free Cash Flow of €117.4 million, compared to €137.7 million for the six months ended June 30, 2011. The 15% year-on-year decrease in Free Cash Flow was predominantly driven by the €10.4 million cash payment for the Belgian football broadcasting rights during the three months ended March 31, 2012, higher cash interest payments as discussed above and a negative evolution in working capital, partially offset by growth in Telenet's overall business.

Net cash provided by (used in) financing activities. Net cash provided by financing activities amounted to €110.1 million for the six months ended June 30, 2012, compared to net cash from financing activities of €404.5 million for the six months ended June 30, 2011. Net cash used in financing activities for the six months ended June 30, 2012 primarily reflected (i) the positive net effect from the issuance of a €175.0 million Term Loan T under the existing Senior Credit Facility in February 2012 and the temporary redemption of €124.0 million under Term Loans Q and R, for an aggregate €51.0 million; (ii) €113.4 million in shareholder disbursements used for the payment of the gross dividend of €1.00 per share on May 10, 2012 (€113.2 million) and payments related to shareholder disbursements from prior periods (€0.2 million); (iii) €38.8 million used for the repurchase of own shares under the Share Repurchase Program 2012; (iv) and €8.9 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. The cash movement for the six months ended June 30, 2011 reflected a net positive effect of €413.5 million from the issuance of additional debt and the early redemption of certain Term Loans with shorter maturities, offset by €12.1 million related to various lease repayments, including the scheduled repayment of the Telenet Partner Network capital lease, and €11.6 million of debt issuance costs.

Year Ended December 31, 2011 compared to the Year Ended December 31, 2010

Net cash provided by operating activities. Net cash provided by operating activities increased by 7% to €540.8 million for the year ended December 31, 2011 compared to €503.8 million for the year ended December 31, 2010. The strong underlying cash generation from operations and a strong improvement of the change in working capital resulted in this increase which was partially offset by higher cash interest payments.

Net cash used in investing activities. Telenet used €293.4 million of net cash in investing activities for the year ended December 31, 2011, up 18% versus €248.0 million for the year ended December 31, 2010. The cash used in investing activities comprised the cash payments for Telenet Group Holding's capital expenditures, including the cash payment of €22.4 million for the first tranche of the Belgian football broadcasting rights, net of the proceeds received from other operators and broadcasters using a portion of these rights. Cash payments related to the broadcasting rights for the Belgian championship typically occur in the third and first quarter.

Free Cash Flow. For the year ended December 31, 2011, Telenet generated Free Cash Flow of €242.0 million, compared to €253.6 million for the year ended December 31, 2010 representing 18% and 20% of revenue, respectively. The 5% year-on-year decrease in Free Cash Flow was predominantly driven by the €22.4 million cash payment for the Belgian football broadcasting rights and higher cash interest payments as discussed above, partially offset by overall business growth.

Net cash provided by (used in) financing activities. Net cash used in financing activities amounted to €540.4 million for the year ended December 31, 2011, compared to net cash provided by financing activities of €238.1 million for the year ended December 31, 2010. 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. The net cash provided by financing activities for the year ended December 31, 2010 reflected the capital reduction of €249.8 million paid to shareholders, partially offset by the drawdown of Term Loans B2A and E2 for an aggregate of €135.0 million. In addition, Telenet launched two new debt issuances under the Senior Credit Facility at the end of 2010 for an aggregate amount of €600.0 million, of which €208.7 million was used to early redeem a proportion of Term Loans with shorter maturities.

Year Ended December 31, 2010 compared to the Year Ended December 31, 2009

Net cash provided by operating activities. Net cash provided by operating activities increased by 14% to €503.8 million for the year ended December 31, 2010 compared to €440.8 million for the year ended December 31, 2009. For the year ended December 31, 2010 €9.2 million of nonrecurring upfront premiums were paid for the optimization of hedges. The strong underlying cash generation from Telenet's operations and an improvement of the change in working capital resulted in this increase.

Net cash used in investing activities. Net cash used in investing activities was €248.0 million for the year ended December 31, 2010, including €2.3 million cash paid for the May 31, 2010 acquisition of C-CURE. For the year ended December 31, 2009, net cash used in investing activities was 13% higher, as the first months of 2009 were exceptionally boosted by the pent-up demand for rental set-top boxes following the Interkabel Acquisition, which are recorded in capital expenditures.

Free Cash Flow. Telenet generated Free Cash Flow of €253.6 million for the year ended December 31, 2010, an increase of 56% from €162.4 million for the year ended December 31, 2009. Consequently, Free Cash Flow represented 20% of revenue. This reflects an improvement of 6 percentage points compared to the year ended December 31, 2009.

Net cash provided by (used in) financing activities. Net cash provided by financing activities amounted to €238.1 million for the year ended December 31, 2010, compared to net cash used in financing activities of €81.1 million for the year ended December 31, 2009. The cash activity in the year ended December 31, 2010 reflected the disbursement to shareholders of €249.9 million in August 2010 (equivalent to €2.23 per share), partially offset by the drawdown of the Term Loan Facilities B2A and E2 under Telenet's Senior Credit Facility for an aggregate of €135.0 million in June 2010. In addition, Telenet launched two new debt issuances under the Senior Credit Facility in October and November 2010 for an aggregate of €600.0 million. Of these net proceeds, €201.7 million was used to prepay a portion of the outstanding Term Loans. Furthermore, Telenet used €7.0 million of cash and cash equivalents to prepay another portion of the outstanding Term Loans which still resided at the level of Telenet NV. Telenet's net cash provided by financing activities for the year ended December 31, 2010 also reflected various lease repayments and the €22.0 million scheduled repayment of the Telenet Partner Network capital lease associated with the Interkabel Acquisition.

Capital Expenditures

The table below summarizes Telenet's capital expenditures for the different periods.

	For the six months ended June 30,		For the year ended December 31,		
	2012	2011	2011	2010	2009
	In millions of EUR				
Accrued capital expenditures	**167.3**	**127.1**	**470.2**	**316.3**	**317.6**
Of which rental set-top boxes	41.0	13.5	43.3	63.1	103.9
Of which customer installations	45.0	37.8	77.8	51.7	57.7
Of which network growth	40.8	36.7	99.0	95.4	79.4
Of which maintenance and other	40.5	39.1	89.8	75.4	76.6
Of which Digital Terrestrial Television	—	—	—	30.7	—
Of which mobile spectrum	—	—	71.5	—	—
Of which Belgian football broadcasting rights	—	—	88.8	—	—
% of revenue	23.0%	19.0%	34.2%	24.3%	26.5%
% of revenue (excluding licenses and Belgian football broadcasting rights)	23.0%	19.0%	22.5%	22.0%	26.5%

Six Months Ended June 30, 2012 compared to Six Months Ended June 30, 2011

Accrued capital expenditures were €167.3 million for the six months ended June 30, 2012 compared to €127.1 million for the six months ended June 30, 2011, representing 23% and 19% of revenue, respectively. The reported 32% year-on-year increase in accrued capital expenditures was primarily driven by stronger customer growth as we recorded higher capital expenditures on set-top boxes and customer installations, alongside accelerated network upgrades including the Pulsar node splitting project. As of 2012, the Pulsar project will be executed at a higher pace than prior years with the aim to at least triple the available bandwidth per household by 2015 through the multiplication of optical nodes, connecting fiber links with the last-mile coax network. The average number of homes connected to such a node will gradually reduce to 500 by 2015, thereby significantly increasing the broadband down- and upstream speeds. By the end of 2012, Telenet expects to have 50% of all nodes physically and logically upgraded.

Set-top box related capital expenditures amounted to €41.0 million for the six months ended June 30, 2012, or approximately 25% of total accrued capital expenditures, as compared to €13.5 million for the six months ended June 30, 2011. The strong year-on-year increase relates to phasing and the robust inflow of net new digital TV subscribers as the vast majority of subscribers prefer to rent the high-end HD Digicorder with HD and PVR functionalities.

Capital expenditures for customer installations amounted to €45.0 million for the six months ended June 30, 2012, or approximately 27% of total accrued capital expenditures, primarily boosted by migrations to 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 €40.8 million for the six months ended June 30, 2012, or approximately 24% of total accrued capital expenditures, and included investments for the node splitting project.

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 Telenet Group Holding's IT-platform and systems.

This implies that approximately 76% of our accrued capital expenditures for the six months ended June 30, 2012 were scalable and subscriber growth related as compared to approximately 70% for the six months ended June 30, 2011. Telenet will continue to closely monitor its capital expenditure levels in order to make sure that they drive incremental returns.

Year Ended December 31, 2011 compared to the Year Ended December 31, 2010

Accrued capital expenditures were €470.2 million for the year ended December 31, 2011, including €71.5 million related to the 3G mobile spectrum license and €88.8 million related to the acquisition of the Belgian football broadcasting rights, including the non-exclusive broadcasting rights for the remaining five league games (lot 3) for the next two seasons. Excluding the impact of the 3G mobile spectrum and the Belgian football broadcasting rights, accrued capital expenditures for the year ended December 31, 2011 amounted to €309.9 million, representing approximately 23% of revenue, up from €285.6 million for the year ended December 31, 2010 excluding the impact from the acquisition of the DTT-license. This underlying 9% year-on-year increase in accrued capital expenditures was primarily driven by higher success-based capital expenditures as a result of customers migrating to EuroDocsis 3.0-enabled Fibernet product, thus generating a higher ARPU, and network upgrades including the Pulsar node splitting project.

For the year ended December 31, 2011, set-top box expenditures represented €43.3 million, or 14% of total accrued capital expenditures, excluding accrued capital expenditures related to the acquisition of Belgian football broadcasting rights and 3G mobile spectrum, as compared to €63.1 million for the year ended December 31, 2010.

Customer installations amounted to €77.8 million for the year ended December 31, 2011, or 25% of total accrued capital expenditures excluding accrued capital expenditures related to the acquisition of Belgian football broadcasting rights and 3G mobile spectrum, primarily boosted by migrations to Fibernet broadband products, for which Telenet installs a brand-new EuroDocsis 3.0 home gateway. Through this home gateway, Telenet is able to remotely monitor the quality of service, which should have a positive impact on the number of technical customer visits in the future.

Accrued capital expenditures for network growth and upgrades amounted to €99.0 million for the year ended December 31, 2011, or 32% of total accrued capital expenditures, excluding accrued capital expenditures related to the acquisition of Belgian football broadcasting rights and 3G mobile spectrum, and included investments for Telenet's node splitting project.

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 71% of accrued capital expenditures, excluding accrued capital expenditures related to the acquisition of Belgian football broadcasting rights and 3G mobile spectrum, for the year ended December 31, 2011 were scalable and subscriber growth related.

Year Ended December 31, 2010 compared to the Year Ended December 31, 2009

Accrued capital expenditures were €316.3 million for the year ended December 31, 2010, including €30.7 million for the acquisition of the license for DTT, which will enable Telenet to broadcast wireless television channels over the DTT spectrum. This product will be commercialized at a later stage and DTT will be mainly positioned to subscribers who are unable to receive their television signal through Telenet's current distribution platform. The license is valid for 14 years and will be repaid in equal installments during its lifetime.

Accrued capital expenditures excluding the license fee for DTT were €285.6 million for the year ended December 31, 2010, representing 22% of revenue and were down 10% compared to the year ended December 31, 2009. This decline is predominantly attributable to set-top box expenditures which came down to €63.1 million for the year ended December 31, 2010 from €103.9 million for the year ended December 31, 2009 as the prior year was particularly affected by strong pent-up demand for Telenet Digital TV following the Interkabel Acquisition.

Accrued capital expenditures for network growth and upgrades increased to €95.4 million for the year ended December 31, 2010 from €79.4 million for the year ended December 31, 2009 as a result of the start of our 5-year Pulsar node splitting project and various upgrades in light of our increased commercialization of the EuroDocsis 3.0 products in early 2011.

Set-top box expenditures and customer installations represented 22% and 18% respectively of total accrued capital expenditures (excluding the DTT license fee) for the year ended December 31, 2010. In addition, network growth and upgrade related capital expenditures were 33%, which implies that 73% of Telenet's accrued capital expenditures (excluding the DTT license fee) for the year ended December 31, 2010 were scalable and subscriber growth related. The remainder includes refurbishments and replacements of network equipment, sports content acquisition costs and recurring investments in Telenet's IT-platform and systems.

As of June 30, 2012, Telenet's consolidated contractual commitments were as follows:

	Payments due during:							
	6 remaining months of 2012	2013	2014	2015	2016	2017	Thereafter	Total
	In millions of EUR							
Long term debt[(1)]	120.8	141.5	141.3	141.0	240.2	484.1	2,770.6	4,039.5
Finance lease obligations[(1)]	27.0	51.0	50.1	46.1	44.8	43.8	203.0	465.9
Operating lease obligations	11.0	14.2	6.0	4.6	3.5	1.1	3.4	43.8
Other contractual obligations[(2)]	137.4	188.3	103.6	59.9	45.0	40.5	872.1	1,446.8
Interest Rate Derivatives	18.3	30.7	30.7	29.2	27.9	21.6	69.9	228.3
Foreign Exchange Derivatives[(3)]	9.5	2.4	—	—	—	—	—	11.9
Accrued expenses and other current liabilities[(4)]	641.8	—	—	—	—	—	—	641.8
Trade payables	125.9	—	—	—	—	—	—	125.9
Total	1,091.7	428.2	331.7	280.8	361.5	591.0	3,918.9	7,003.9

(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 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 June 30, 2012.

(4) Excluding compensation and employee benefits, VAT and withholding taxes and the current portion of the Interkabel out of market component.

Critical Accounting Policies, Judgments and Estimates

The accounting policies set out below are as of December 31, 2011, and have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

Subsidiaries. Subsidiaries are entities controlled by Telenet Group Holding. Control exists when Telenet Group Holding 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 Telenet Group Holding 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 Telenet Group Holding. 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 Telenet Group Holding'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 Telenet Group Holding and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

Special Purpose Entities (SPEs). Telenet Group Holding has established special purpose entities (SPEs) for financing purposes. Telenet Group Holding 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 Telenet Group Holding and the SPE's risks and rewards, Telenet Group Holding concludes that it controls the SPE. SPEs controlled by Telenet Group Holding were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in Telenet Group Holding 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 Telenet Group Holding has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when Telenet Group Holding holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities Telenet Group Holding 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 Telenet Group Holding's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of Telenet Group Holding, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When Telenet Group Holding'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 Telenet Group Holding 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 Telenet Group Holding controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that Telenet Group Holding incurs and its share of the income that it earns from the joint operation.

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 Group Holding'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 Group Holding manage Telenet Group Holding 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.

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.

Telenet Group Holding 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 Telenet Group Holding 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.

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 Telenet Group Holding, 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.

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 Telenet Group Holding'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"). Telenet Group Holding has determined that its long-lived intangible and tangible fixed assets constitute a single cash-generating unit for the purpose of impairment testing.

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.

Acquisition Accounting and Goodwill. For acquisitions prior to January 1, 2010, goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over Telenet Group Holding's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. When the excess was negative, a bargain purchase gain was recognized immediately in the statement of comprehensive income. Transaction costs, other than those associated with the issue of debt or equity securities, that Telenet Group Holding incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

From January 1, 2010 Telenet Group Holding has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy was applied prospectively to acquisitions occurring after January 1, 2010.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Telenet Group Holding. 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, Telenet Group Holding takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after January 1, 2010, Telenet Group Holding 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 Telenet Group Holding 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. Telenet Group Holding 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.

Foreign currency transactions. Telenet Group Holding's functional and presentation currency is the euro ("€"), which is also the functional currency of each of Telenet Group Holding'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, Telenet Group Holding enters into forward contracts and options (see below for details of Telenet Group Holding's accounting policies with respect to such derivative financial instruments).

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 original maturities 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.

Telenet Group Holding 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. Telenet Group Holding's activities are exposed to changes in foreign currency exchange rates and interest rates.

Telenet Group Holding 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 Telenet Group Holding's policies approved by the board of directors, which provides written principles on the use of derivatives consistent with Telenet Group Holding's risk management strategy.

Telenet Group Holding has entered into various derivative instruments to manage interest rate and foreign currency exchange rates exposure.

Derivatives are measured at fair value.

Telenet Group Holding 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.

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 Telenet Group Holding's network. These fees contribute to the cost Telenet Group Holding bears in respect of copyright fees paid to copyright collecting agencies for certain content provided by the public broadcasters and other copyright holders. Telenet Group Holding reports copyright fees collected from cable subscribers on a gross basis as a component of revenue due to the fact that Telenet Group Holding 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, Telenet Group Holding 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 stand-alone 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.

Customers are charged a termination fee when they cancel their subscription before the end of the contractual term. 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 decrease their service level. 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.

As of January 1, 2011, Telenet adjusted its financial collecting model for certain premium voice and SMS content services following a change in the Belgian legislation. This legislation states that the operator is no longer carrying legal responsibilities for the collection of these services, hence will only act on behalf of the third-party content providers going forward. As a result, the amounts billed for these premium voice and SMS content services are not presented as revenues but are netted against the corresponding expenses as from January 1, 2011.

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. Telenet Group Holding 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 Telenet Group Holding's cable programming costs. Other direct costs include costs that Telenet Group Holding 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 Telenet Group Holding's broadband network and customer care costs necessary to maintain its customer base.

Provisions. Provisions are recognized when Telenet Group Holding has a present legal or constructive obligation as a result of a past event, it is probable that Telenet Group Holding will be required to settle that obligation and the amount can be reliably measured. Provisions are measured at Telenet Group Holding'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 Telenet Group Holding 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 Telenet Group Holding 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, Telenet Group Holding recognizes any impairment loss on the assets associated with that contract.

Leases. At inception of an arrangement, including arrangements that convey to Telenet Group Holding the right to use equipment, fibers or capacity for an agreed period of time in return for a series of payments, Telenet Group Holding 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 Telenet Group Holding the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, Telenet Group Holding 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 Telenet Group Holding'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 Telenet Group Holding. 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 Telenet Group Holding will obtain ownership by the end of the lease term in which case they are depreciated over their useful lives.

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 Telenet Group Holding 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, Telenet Group Holding takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. Telenet Group Holding 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 Telenet Group Holding 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.

Employee benefits

Pension obligations. Telenet Group Holding 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 Telenet Group Holding 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 that have maturity dates approximating the terms of the Telenet Group Holdings' 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 Telenet Group Holding, 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 Telenet Group Holding if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The retirement benefit obligation recognized in the statement of financial position 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 Telenet Group Holding's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Other employee benefit obligations. Telenet Group Holding 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. Telenet Group Holding 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, Telenet Group Holding 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 Telenet Group Holdings 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.

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.

Earnings per share. Telenet Group Holding 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 Telenet Group Holding 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.

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 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.

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 Telenet Group Holding'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.

Quantitative and Qualitative Disclosures About Market Risk

Telenet is exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the U.S. dollar and euro, and uses financial instruments to manage its exposure to interest rate and foreign exchange rate fluctuations.

Interest Rate and Related Risk

Telenet is exposed to changes in interest rates because a large portion of its borrowings are variable rate debts. See "*Description of the Senior Credit Facility and the Related Agreements*". Accordingly, its debt service obligations under such indebtedness fluctuate as interest rates change. In order to mitigate this exposure, Telenet has entered into interest rate swap agreements, caps and collar agreements. Pursuant to interest rate swap agreements, at specified intervals, Telenet pays a fixed interest rate and receives a variable interest rate calculated by reference to an agreed-upon notional principal amount. As of June 30, 2012, Telenet had entered into active interest rate swap agreements for a notional principal amount of €1,150.0 million, and it paid fixed interest at a blended rate of 3.79%, resulting in additional cash interest expense given the fact that such rate was in excess of the variable rate applicable to the respective borrowings. Caps are used to limit Telenet's exposure to, and to derive benefits from, interest rate fluctuations on variable rate debt within a certain range of rates. As of June 30, 2012, Telenet had no active cap agreements outstanding. As of June 30, 2012, these cap agreements did not impact its cash interest expense. As of June 30, 2012, Telenet had also entered into interest rate collars for a notional principal amount of €955.2 million and had an average minimum floor interest rate of 1.52% and an average cap interest rate of 4.0%. The respective interest rate collars agreements had limited cash impact as the average floor interest rate was exceeding the underlying 3 month EURIBOR interest rate.

Interest rate risk management agreements are not held or issued for speculative or trading purposes. Historically, and after giving effect to the Refinancing, only borrowings under the Senior Credit Facility, borrowings under the Floating Rate Note and the lease of the building bear interest at variable rates. Telenet has entered into transactions to hedge its risk for the principal amount of all such debt. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative agreements, financing costs, discounts or commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in its weighted average variable interest rate would increase (decrease) its annual consolidated interest expense and cash outflows by €8.4 million.

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not Telenet's earnings or cash flows. Telenet does not currently have any obligation to prepay 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 it would be required to refinance such debt. At June 30, 2012, Telenet had outstanding fixed rate debt and other obligations of €1,361.9 million.

Foreign Currency Risk

Telenet's reporting currency is the euro. However, it conducts, and will continue to conduct, transactions in currencies other than the euro, particularly the U.S. dollar. Telenet has U.S. dollar obligations with respect to the contracts it is party to for the supply of premium content. For the year ended December 31, 2011 approximately 5% of its costs of operations (including costs of network hardware equipment and software and premium cable television rights) were denominated in U.S. dollars while all of its revenue was generated in euros. The percentage of Telenet's operational costs that are denominated in U.S. dollars may increase in the future. The exchange rate between the U.S. dollar and the euro has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. Decreases in the value of the euro relative to the U.S. dollar would increase the cost in euro of Telenet's U.S. dollar denominated costs and expenses, while increases in the value of the euro relative to the U.S. dollar would have the reverse effect. As at June 30, 2012, the euro had depreciated approximately 2.4% against the U.S. dollar since January 1, 2012. See "*Exchange Rate Information*".

Telenet has historically covered a portion of its U.S. dollar cash outflows arising on anticipated and committed purchases through the use of foreign exchange derivative instruments. Although it 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 its financial condition and results of operations.

INDUSTRY AND MARKET OVERVIEW

Belgium

Telenet operates its residential business in Flanders and in approximately one-third of the Brussels-Capital Region. Telenet also provides certain business services across the whole of Belgium and in Luxembourg. Telenet believes that Belgium, and in particular the Flanders region in which it operates, is one of Europe's most attractive cable markets due to, among other things, a relatively high population density and cable penetration rate and a highly productive work force, generating high GDP and high exports per capita. The population density of Belgium reached 359 inhabitants per square kilometer in 2010, one of the highest in Europe, according to Eurostat data, and is exceeded only by that of The Netherlands and some microstates such as Malta. The most densely inhabited area of the country is located within Flanders, along the Antwerp-Leuven-Brussels-Ghent corridors. Cable operators that operate in urban areas with high population density benefit from easier access to customers and more cost effective network upgrades and maintenance, among other benefits. Furthermore, Belgium is one of the most prosperous countries in Europe, according to Eurostat data, with a GDP per capita of €33,500 in 2011 compared to a European average of €25,100 for the comparable period.

Industry Convergence

The Belgian media and telecommunications sector has been converging as customers are increasingly seeking to receive their media and communications services from one provider at attractive prices. In response, service providers are providing television, broadband internet access and fixed-line telephony services bundled into integrated offerings referred to as "dual-play" (two of the three services provided together) or "triple-play" (all three services provided together). The addition of mobile telephony services further gives rise to "quad-play" offerings. More generally, such combinations are referred to as multiple-play bundles. Offering bundled services allows media and telecommunications service providers to meet customers' communications and entertainment requirements and, Telenet believes, increases customer loyalty and lowers customer churn rates.

In the Belgian telecommunications sector, there are two major distribution access platforms through which triple-play services are most commonly provided: (i) the cable networks of Telenet in Flanders, of VOO in the French speaking part of Belgium and of Numéricable in the Brussels region and (ii) the DSL-based network of Belgacom, which is national. Bi-directional cable networks are particularly well suited for the provision of triple-play services with high bandwidth requirements due to their network characteristics. As they were originally designed for the transmission of large amounts of data, cable networks are able to deliver consistent speeds irrespective of the distance to the customer, unlike other distribution platforms. In Europe, cable network operators have upgraded their network technology to EuroDocsis 3.0, enabling them to offer substantially faster internet access speeds than DSL operators. The new EuroDocsis 3.0 technology allows broadband cable networks to offer data download speed levels that cannot currently be matched by DSL, at least not without deep fiber deployment or only at comparatively far less attractive economics.

The Belgian Market

Television

As with many developed countries the Belgian television market is very highly penetrated, with over 90% of Belgian households owning at least one television, as at December 31, 2011. Similar to other European markets, television consumer behavior in Belgium is beginning to put more emphasis on digital, HD and interactive television services such as VOD, requiring high-bandwidth, bi-directional distribution platforms. The introduction of new services is presenting service providers with opportunities to achieve greater ARPU per customer relationship.

Television signal distribution platforms in Belgium include cable networks, DTT, satellite and DSL-networks. The DSL-network uses the IP protocol to deliver the IPTV service. Belgium was one of the first European countries to deploy cable networks, doing so as early as the 1970s, and, as a result, other means of television delivery such as satellite and terrestrial broadcasters are less popular in Belgium as they are in other European countries. Cable is the most commonly used transmission medium for television services in Belgium. Cable network services are characterized by easy-to-use technology, efficient installation of customer equipment and reliability of a protected signal delivered directly to the home. In Belgium, there is no direct competition between the cable network operators as there is no overlap between operators' cable networks.

A competitive presence in the Belgian television market, although smaller compared to cable, is satellite television, which can be divided into two types of access: (i) "free-to-air" satellite and (ii) paid satellite television. With respect to free-to-air satellite, residential subscribers may install a satellite receiver to view a large number of foreign channels without paying subscription fees. Residential subscribers must also install a satellite receiver when they subscribe to premium, paid television via satellite. The largest premium satellite provider in Telenet's network area is TV Vlaanderen. As of October 2010, Mobistar began offering satellite television as part of a quad-play bundle, which also includes broadband internet over ADSL, and fixed and mobile telephony.

Other television delivery media include DTT. Analog terrestrial television was terminated in Belgium in 2008. In order to comply with the Government's analog switch-over policy, the Flemish public broadcaster VRT sold its terrestrial transmission network to Norkring België NV, an independent private operator. This operator is in charge of managing the DTT spectrum, including the designing, construction and maintenance of the transmitter networks but is not allowed to commercialize a DTT offer. Norkring held selection procedures to sublease parts of the spectrum to other operators who will offer DTT to the residential market. As of the date of the Offering Memorandum, Telenet believed itself to be the only party that had reached an agreement with Norkring to broadcast wireless television channels over the DTT spectrum. Norkring expects other parties to reach similar agreements. Under its agreement with Norkring, Telenet has certain minimum subscriber obligations. In July 2012, Telenet started commercializing Teletenne, using the Digital Terrestrial TV frequencies Telenet leases from Norkring. With an aerial and a special decoder, customers in Flanders and Brussels will now be able to watch TV with superior picture and sound quality, even where a cable connection is difficult or impossible. Teletenne is therefore ideal for second homes, summer houses, as well as for student rooms, bedrooms or houses situated outside the cable service area.

Broadband

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. 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.

DSL is the leading broadband internet access platform in Belgium, accounting for approximately 53% of the total broadband internet market as of December 31, 2011, according to the BIPT 2011 Annual Report. DSL uses basic telephone infrastructure to access the internet. DSL technology leverages the fact that copper wires used in telephone networks have a much higher bandwidth (7 MHz) than that required for normal voice conversation (0-3.4KHz). DSL utilizes the extra bandwidth to provide broadband (high bandwidth) internet connections. The most commonly used variant of DSL is ADSL which assumes that internet users normally receive or download much more information than they would send or upload. Hence, ADSL connections normally have three to four times more bandwidth for downloading data than uploading.

Cable is the second leading broadband internet access platform in Belgium with a share of 47% as of December 31, 2011, according to the BIPT 2011 Annual Report. In the Flanders region, however, DSL is the second largest broadband internet access platform, behind cable. Cable is able to provide greater speeds than DSL and with relatively lower capital expenditure. Telenet believes that the fact that cable has proven to be far more reliable in delivering promised speeds to subscribers than DSL has contributed to cable's recent share increase.

Fiber-to-the-home ("FttH") has not yet been widely deployed in Belgium. A substantial challenge facing the expansion of FttH is the fact that such technology is capital–and time-intensive, requiring significant digging and re-wiring. While FttH is in the position of having to make heavy investments in catching up to the competition, cable operators can prioritize investment efficiently through optical node splitting.

Another possible threat to DSL and cable is the increasing download speeds offered by mobile internet technologies, such as the established high-speed package access and the emerging LTE technology. Although penetration of mobile broadband is currently very low in Belgium, it has been growing strongly on the back of a larger share of smartphones sold. At the end of December 2011, mobile broadband penetration in Belgium reached approximately 16% of the total population based on the BIPT 2011 Annual Report compared to approximately 7% at the end of 2010. Telenet believes that the majority of those consumers presently use mobile broadband internet to complement a fixed-line broadband internet connection, as the current effective speeds of mobile internet offers are too low to act as a replacement service.

Fixed Telephony

As of December 31, 2011, the combined number of fixed-line telephony connections (PSTN, ISDN and cable) in Belgium was approximately 4.6 million, according to the BIPT 2011 Annual Report. The Belgian market for fixed-line telephony services is mature, and market share changes are driven by the price and quality of services provided, including the way in which telephony services are integrated into bundled offerings. In recent years, fixed-line telephony has been transformed into a commodity and has become highly dependent on a quality broadband internet offering, as telephony is increasingly bundled with broadband internet services.

Belgacom, the incumbent fixed-line PSTN telephony service provider in Belgium, is the largest provider of fixed-line telephony in the Belgian market with an estimated market share of approximately 69% according to the BIPT 2011 Annual Report. However, the number of PSTN customers has been steadily decreasing in recent years because of strong competition from cable telephony providers and, to a lesser extent, alternative access technologies like VoIP and internet telephony offered via broadband internet connections. The total number of cable telephony subscribers has been steadily increasing in recent years.

Mobile Telephony

The Belgian mobile telephony market is valued at approximately €3.1 billion based on data gathered by the BIPT as of and for the year ended December 31, 2011. Hence, the Belgian mobile telephony market is approximately equivalent in size to the national fixed-line telephony and broadband markets. The Belgian mobile telephony market is advanced with an estimated active penetration rate of 114% at the end of 2011 according to the BIPT 2011 Annual Report. The mobile broadband market provides untapped potential for growth given a much lower level of mobile broadband penetration compared to the European average.

In 2011, the total number of registered SIM cards in Belgium increased 2% as compared to the prior year period to 12.5 million (including MVNOs), equivalent to 1.14 SIM cards per inhabitant. For a long time, the Belgian mobile telephony market has been a three player market, dominated by Belgacom, and challenged by Mobistar and BASE. All operators own 2G, 3G and 4G spectrum licenses, covering various frequencies in the 900 MHz, 1,800 MHz, 2.1 and 2.6 GHz band, and provide mobile voice and data services to the residential and business segments. According to the BIPT 2011 Annual Report, Belgacom had an estimated national market share of 40.6% in terms of active mobile subscribers at the end of 2011, followed by Mobistar (30.6%) and BASE (26.8%). In recent years, however, the number of MVNOs in the Belgian market has increased steadily, reaching approximately 1.5 million subscribers at the end of 2011 according to data gathered by the BIPT, an increase of 13% as compared to the prior year. Telenet was the largest MVNO operator with an estimated market share of 2.0% at the end of 2011.

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet initially provided this service through an MVNO partnership with Mobistar NV ("Mobistar"), 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 a broader agreement with Mobistar (the "Initial Full-MVNO Agreement"), 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 mobile network. 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 spectrum in the 900 MHz band and 10 MHz of paired 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 Long-Term Evolution ("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 launch a commercial offer by January 2013 and 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. If Telenet Tecteo Bidco NV fails to meet these commercial offer and coverage 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. See "*Risk Factors—If Telenet fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made*".

At the end of November 2011, the BIPT organized the auction procedure for spectrum licenses in the 2.6 GHz band (4G licenses or LTE). Following this auction, which delivers user rights for a period of fifteen years starting from July 1, 2012, Belgacom, Mobistar and Base acquired 4G licenses. The fourth 4G license has been acquired by a new foreign entrant, BUCD. If this new entrant, with higher capital resources and a wider geographical coverage, is successful in swiftly deploying its 4G/LTE capacity, this could have a negative impact on the development of Telenet's mobile business. See *"Risk Factors—Risks Relating to Telenet's Business, Technology and Competition—The Belgian internet, data and telephony industries are highly competitive and the television industry has become more competitive, which could have a material adverse effect on Telenet's business" and "—If Telenet fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made*."

DESCRIPTION OF TELENET'S BUSINESS

Overview

Telenet is the largest cable television operator in Belgium. Telenet's 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. As of 6:00 p.m. London time on August 9, 2012, Telenet's market capitalization amounted to €3,897 million.

Telenet offers analog and digital cable television and digital pay television, including 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 to small and medium-sized businesses throughout Belgium and parts of Luxembourg.

As of June 30, 2012, Telenet had approximately 2,152,200 unique residential subscribers, which represented approximately 75% of the 2,856,300 homes passed by its network. As of June 30, 2012, all of Telenet's approximately 2,152,200 unique residential subscribers subscribed to its basic cable television services, approximately 1,339,200 subscribed to its broadband internet services and approximately 920,200 subscribed to its fixed telephony services. In addition, approximately 68% of its basic cable television subscribers had upgraded from analog to digital television, and approximately 275,400 customers subscribed to its mobile telephony services. For the year ended December 31, 2011, Telenet's total revenue was €1,376.3 million, an approximate 6% increase over the year ended December 31, 2010, and its Adjusted EBITDA was €723.4 million, an approximate 8% increase over the year ended December 31, 2010. For the six months ended June 30, 2012, Telenet's total revenue was €727.0 million, an approximate 9% increase over the six months ended June 30, 2011, and its Adjusted EBITDA was €387.0 million, an approximate 9% increase over the six months ended June 30, 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 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 in the form of bundles, 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 ARPU per customer relationship and, in its experience, the reduction of customer churn. For the six months ended June 30, 2012, Telenet's ARPU per customer relationship was €45.1 per month, a €4.1 per month increase over Telenet's ARPU per customer relationship for the six months ended June 30, 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 in 2010 to an average of 500 per node by the end of 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.

Prior to October 2008, Telenet offered all services to the approximately 1,933,100 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 PICs which encompassed 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. See "*Description of Telenet's Business—Telenet's Network*" and "*Description of Telenet's Business—PICs Agreement and Interkabel Contribution Deed: Telenet's Usage Rights on the Partner Network*."

Telenet provides the following products and services to its customers:

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 households are passed by the bi-directional HFC network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. As of June 30, 2012, Telenet provided its basic cable television services to all of its approximately 2,152,200 unique residential subscribers, or approximately 75% of homes passed by its network. All of Telenet's basic cable television subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. 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 and other interactive television services. As of June 30, 2012, approximately 1,472,500, or approximately 68%, of Telenet's basic cable television subscribers had activated smart cards, up from approximately 1,262,300, or approximately 57%, of Telenet's basic cable television subscribers as of June 30, 2011. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly.

Digital Television

Prior to 2005, 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 a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on-demand basis and a variety of interactive features. Telenet's full premium interactive digital television offering is available to all subscribers passed by its network. 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 of the Jupiler Pro League on the Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet will be able to broadcast all league matches, including the five remaining matches on a non-exclusive basis, which may drive incremental subscriber growth. As of June 30, 2012, Telenet served approximately 1,472,500 digital television customers, an increase of approximately 17% compared to June 30, 2011. Telenet's digitalization ratio, which measures the total base of digital television customers relative to Telenet's total basic cable television subscriber base, continued to grow, and reached approximately 68% at the end of June 2012 compared to approximately 57% at the end of June 2011.

Broadband Internet

Telenet is the leading provider of residential broadband internet services in Flanders. As of June 30, 2012, Telenet provided its broadband internet services to approximately 1,339,200 subscribers, an increase of approximately 6% compared to June 30, 2011. Through its HFC upgraded network, Telenet offers its residential subscribers a broadband internet service at a downstream data transfer speed 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 that its broadband internet subscriber base is among the most advanced in Europe given that approximately 99% of its total subscriber base enjoyed download speeds of at least 30 Mbps as of June 30, 2012. Furthermore, approximately 27% of Telenet's installed base subscribed to its EuroDocsis 3.0 offering, Fibernet, as of June 30, 2012. Telenet believes that this success clearly demonstrates customers' demand for reliable and high speed broadband connections so they can access the internet through multiple devices simultaneously. 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 leading high speed internet service provider in its footprint with download speeds of up to 120 Mbps. The ISP Monitor Speed Test, which ranks the real speeds of all internet providers in Belgium, confirms Telenet's leading position versus all of its main competitors, including ADSL competitors.

Telephony

Telenet offers its residential subscribers local, national and international long distance fixed-line telephony services, mobile telephony services and a variety of value added features. In Flanders, Telenet believes that it is currently the largest competitor to Belgacom, the Belgian incumbent, due in part to Telenet's emphasis on customer service and innovative tariff plans. The majority of Telenet's 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. As of June 30, 2012, Telenet provided fixed telephony services to approximately 920,200 subscribers and mobile telephony services to approximately 275,400 subscribers with an active SIM-card. This compared to approximately 847,300 fixed telephony subscribers and approximately 228,100 mobile telephony subscribers with an active SIM-card as of June 30, 2011.

Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet initially provided this service through an MVNO partnership with Mobistar NV ("Mobistar"), 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 a broader agreement with Mobistar (the "Initial Full-MVNO Agreement"), 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 mobile network. 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 spectrum in the 900 MHz band and 10 MHz of paired 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 Long-Term Evolution ("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 launch a commercial offer by January 2013 and 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. If Telenet Tecteo Bidco NV fails to meet these commercial offer and coverage 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. See "*Risk Factors—If Telenet fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made*".

Business Services

Under the brand of Telenet for Business, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each business customer. Telenet for Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include 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.

Telenet's Competitive Strengths

Telenet believes that it benefits from the following key strengths which will help it execute its strategy:

Telenet operates in one of Europe's most favorable cable markets and has a large, affluent existing customer base. Telenet's cable network passes approximately 61% of the homes in Belgium and includes the metropolitan centers of Antwerp and Ghent and approximately one-third of Brussels. Telenet believes that Belgium, and in particular the Flanders region in which it operates, is one of Europe's most attractive cable markets due to, among other things, a relatively high population density and cable penetration rate. The population density of Belgium reached 359 inhabitants per square kilometer in 2010, one of the highest in Europe, according to Eurostat data, and is exceeded only by that of The Netherlands and some microstates such as Malta. The most densely inhabited area of the country is located within Flanders, along the Antwerp-Leuven-Brussels-Ghent corridors. Cable operators that operate in urban areas with high population density benefit from easier access to customers and more cost effective network upgrades and maintenance, among other benefits. Furthermore, Belgium is one of the most prosperous countries in Europe, according to Eurostat data, with a GDP per capita of €33,500 in 2011 compared to a European average of €25,100 for the comparable period. As of June 30, 2012, Telenet provided its basic cable television services to all of its approximately 2,152,200 unique residential subscribers, or approximately 75% of homes passed by its network. Telenet believes that its attractive network area and large and affluent existing customer base offer significant potential for it to sell its multiple-play bundles and other services primarily to Telenet's existing basic cable television customer base.

Telenet can offer higher quality television and broadband internet services than its competitors because of its leading, highly-invested cable network. Telenet's HFC cable network allows it to offer digital television and broadband internet services across its network area. These services are highly competitive to the offerings of any of Telenet's competitors. The core of Telenet's network has been fully upgraded to a minimum spectrum bandwidth capacity of 600 MHz, allowing Telenet to offer high-quality, highly-reliable analog and digital video and sophisticated interactive television services available in Telenet's network area. Telenet's network is also EuroDocsis 3.0 enabled and its core fiber network connects to on average 1,400 homes passed through an optical node. The Pulsar node-splitting program, which Telenet started in early 2010, is expected to further reduce the number of homes connected to an optical node towards 500 homes on average by the end of 2015. This allows Telenet to continue to offer its broadband internet subscribers significantly higher speeds across its network area than Telenet's competitors in Telenet's network area can offer over their DSL network.

Telenet has a strong platform to compete in the growing market for triple- or multi-play bundles in its network area. Consumers are increasingly looking to receive all of their media and communications services from one provider at an attractive price in the form of multiple-play bundles. Given the relatively high levels of cable penetration in Telenet's network area and the higher ARPU associated with bundled offerings, Telenet believes that the increasing penetration of triple-play services within Telenet's network area will be one of the primary drivers of its future revenue growth. Approximately 33% of Telenet's customer base at the end of June 2012 was only subscribed to one product and hence Telenet continues to see sound growth opportunities from upselling these remaining single-play subscribers to one of its attractive multiple-play propositions. Furthermore, Telenet believes that it has a platform to capture further growth in the market for triple-play bundles in its network area since it can offer its large basic cable television customer base an attractive combination of interactive digital television, broadband internet and fixed and mobile telephony services.

Strong, stable cash flows and significant operating leverage. Telenet's large customer base and relatively low churn rates provide it with greater visibility of future revenue and recurring cash flows, which have historically proven to be resilient even during periods of challenging economic conditions. Certain of Telenet's cost elements, such as a portion of its network operations, marketing, general and administrative costs, are relatively fixed, which Telenet expects to allow it to generate incremental returns as it grows its business. Telenet increased its Adjusted EBITDA margin from 50.7% in the year ended December 31, 2009 to 52.6% in the year ended December 31, 2011. Telenet managed to keep its Net Total Debt to Consolidated Annualized EBITDA ratio, calculated as set forth in the Senior Credit Facility, broadly stable from 3.1x as of December 31, 2009 to 3.2x as of December 31, 2011 despite €758.8 million of payments related to shareholder disbursements over this period and €5.8 million used for the repurchase of shares under the Share Repurchase Program 2011. For the six months ended June 30, 2012, Telenet realized an Adjusted EBITDA margin of 53.2% and its Net Total Debt to Consolidated Annualized EBITDA ratio remained stable at 3.1x despite €113.4 million of shareholder disbursements paid and €38.8 million spent on share repurchases in the course of the six months ended June 30, 2012. Telenet believes this demonstrates the strong underlying cash generation of its business. Telenet is targeting a long-term Net Total Debt to Consolidated Annualized EBITDA ratio between 3.5x and 4.5x, which Telenet believes provides for an optimal balance between growth and shareholder returns on the one hand and Telenet's ability to access the capital markets on the other hand. Telenet has announced its intention to increase its Net Total Debt to Consolidated Annualized EBITDA ratio to the higher end of this target. See "*Summary—The Transactions*".

Strong brand name and customer base. Telenet is a well-recognized brand in Telenet's franchise area. Telenet has developed its brand through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Third party research commissioned by Telenet indicates that consumers had over 95% aided brand awareness of Telenet as a provider of internet, fixed telephony services and digital television. In addition, third party customer surveys that Telenet commissioned have indicated that customers recognize Telenet for the quality of its products, with one survey of Telenet's internet business reporting a customer satisfaction rate of approximately 90%. Telenet believes that the development of its brand and focus on customer service enables it to sell additional products and value-added services to its existing customers, acquire new customers and retain its existing customer base.

Strong management team with focus on operational excellence. Telenet's management team has extensive experience in managing communications and technology businesses in competitive markets. They have a track record of successfully growing Telenet's 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. Management seeks to promote an environment that supports a dynamic and innovative culture. Telenet's controlling shareholder, LGI, also brings a combination of international telecommunications experience and relationships to Telenet's operations. Telenet's management have also established strong local relationships with the Belgian political and regulatory environment.

Telenet's Strategy

Telenet's strategy is to be the best-in-class and preferred provider of digital television, broadband internet and telephony services while improving its revenue, profitability and cash flow. Telenet aims to accomplish this by continuing to improve the quality of its network and offer cutting-edge technologies and innovative services to its customers. The key components of Telenet's strategy are to:

Drive continued revenue and profit growth by leveraging Telenet's superior products and multiple-play bundles. Telenet has achieved significant growth in its digital television, broadband internet and telephony services and it plans to further increase its subscriber base for these services as well as its multiple-play bundles through product positioning, attractive pricing and strong focus on customer care. Telenet has launched several successful product and marketing initiatives to further increase the uptake of bundles and migrate subscribers to its "Shakes" bundles. As of June 30, 2012, approximately 67% of Telenet's unique residential customers subscribed to its double- or triple-play packages, of which approximately 38% or approximately 818,700 represented triple-play subscribers (representing an increase of 9% compared to June 30, 2011). Telenet will continue to upsell its bundles to its customer base to improve ARPU per customer relationship, reduce customer acquisition costs, lower churn rates and lower maintenance expenses.

Further convert Telenet's analog basic cable television subscriber base to digital television. Telenet continues to convert its analog basic cable television subscriber base to its digital television platform. Subscribers to Telenet's digital television product get access to a much richer high-quality content offering, an extensive VOD library and interactive applications at no additional cost, other than the set-top box which can either be purchased or rented. On average, a subscriber converting from analog basic cable television to digital television increases its ARPU substantially by additional services, including the subscription to additional content packages, such as premium sports and movies, and the usage of VOD and interactive applications. At the end of June 2012, approximately 68% of Telenet's basic cable television subscriber base had upgraded to digital television.

Enhance customer satisfaction and loyalty. Telenet has improved its operations, upgraded various customer care and billing systems and implemented management incentive schemes to enhance customer satisfaction and customer loyalty. Telenet has invested in its customer care function in order to improve satisfaction and retention at all customer touch points. Telenet conducts a monthly independent survey to track its customers' loyalty score by product and customer process. Telenet believes that its investments in customer care and sustained focus on customer satisfaction are important drivers of its ability to maintain its current levels of low churn.

Explore additional growth opportunities. Telenet believes that the business-to-business segment presents a growth opportunity for Telenet, providing Telenet with an opportunity to leverage its existing network and EuroDocsis 3.0 technology to meet the needs of small and medium-sized businesses. Telenet believes that due to its ability to provide telephony and high-speed broadband internet services over its existing cable network, it is well positioned to provide cost effective voice and data services to meet the needs of small and medium-sized enterprises without significant capital investment. Telenet will also continue to explore balanced growth opportunities in mobile broadband and mobile voice in order to enhance and retain its position in the market. Although the mobile voice market is already highly penetrated, Telenet believes that its ability to offer combined fixed and mobile products will become an important differentiator as converged service offerings start to develop. In addition, since the mobile broadband market in Belgium is currently not yet as developed as in other European countries, Telenet believes that its fixed broadband market position should put Telenet in a favorable position to exploit future growth in this market.

Focus on cash flow growth. Telenet believes that it has a solid Adjusted EBITDA margin and cash flow generation profile. Telenet is committed to exploiting growth opportunities and Telenet expects to generate high incremental return on its investments. Telenet believes that the large scale of its existing operations provides it with a platform to invest in new products and services and translate revenue growth into improved profitability and cash flow generation.

Telenet's Products and Services

Telenet provides a broad range of cable-based communications and broadcast services to residential customers in Flanders and parts of Brussels, and voice and data services to business customers across Belgium and in parts of Luxembourg. Telenet's residential services comprise basic cable television, premium cable television, broadband internet and fixed and mobile telephony services. Telenet offers all of these services to residential subscribers who reside in Telenet's service footprint and whose homes are passed by Telenet's bi-directional HFC network.

Telenet's residential subscribers include individuals and families living in homes and apartments as well as SoHos that receive its services through a coaxial connection. Residential subscribers access Telenet's services through a node on Telenet's fiber network that links via a coaxial connection to their residence.

Cable Television

The following table summarizes certain information related to Telenet's cable television operations as of and for the periods indicated:

	As of and for the six months ended June 30,		As of and for the year ended December 31,		
	2012	**2011**	**2011**	**2010**	**2009**
Footprint:					
Homes passed(1)	2,856,300	2,831,300	2,843,800	2,818,800	2,793,800
RGUs:					
Analog cable television(2)	679,700	971,600	842,700	1,091,600	1,404,600
Digital cable television(2)	1,472,500	1,262,300	1,355,800	1,182,800	937,900
Total cable television(3)	2,152,200	2,233,900	2,198,500	2,274,400	2,342,400
Churn(4)	9.9%	9.0%	9.3%	9.1%	9.1%

(1) Homes passed represents Telenet's estimate of the number of potential residential, SoHo and SME subscribers to whom Telenet can offer Telenet's services.

(2) As of January 1, 2012, subscribers to Telenet's INDI digital TV platform, which Telenet acquired in October 2008 as part of the Interkabel Acquisition, are no longer recognized as Digital Cable TV subscribers, but are accounted for as Analog Cable TV subscribers. For comparative reasons, Telenet has retroactively applied the change to the prior year periods.

(3) Includes SMEs that receive Telenet's services through a coaxial connection.

(4) Churn represents the total number of RGUs disconnected during the period divided by the average number of RGUs for the period. Churn 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.

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 households are passed by the bi-directional HFC network. The high penetration of Telenet's basic cable television business has resulted in a steady source of revenue and cash flow. Currently, traditional terrestrial broadcasting and direct-to-home satellite broadcasting are less popular in Flanders or elsewhere in Belgium. Telenet mainly competes with the Belgian incumbent's IPTV platform. Telenet provides basic and premium cable television services in analog and digital formats to homes passed by its network. Basic cable TV subscribers, including both analog and digital services, totaled approximately 2,152,200 at the end of June 2012 as compared to approximately 2,198,500 at the end of December 2011. On June 30, 2012, approximately 1,472,500 of Telenet's basic cable television subscribers had upgraded to its interactive digital TV platform. This implies a digitalization rate of approximately 68% as of June 30, 2012 as compared to approximately 57% at the end of June 2011.

Prior to 2005, 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 review viewing options using facilities such as electronic program guides ("EPG"), among other features.

Basic Tier Cable Television

Telenet currently offers its approximately 2,152,200 cable television subscribers at least 21 basic analog channels, without any additional equipment and with the possibility to connect up to four television sets in the home. Subscribers to Telenet's digital television service can use a digital set-top box to choose from a range of more than 70 basic digital channels, which include the majority of the basic analog channels. An average of 26 radio channels (depending on the region) is also provided in the basic analog offering or 36 radio channels with a set-top box.

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. The monthly subscription fee includes a copyright fee for the content received from public broadcasters that is broadcast over Telenet's network. These fees contribute to the cost Telenet bears in respect of copyright fees paid to copyright collection agencies for certain content provided by the public broadcasters. Subscribers who purchase or rent a digital set-top box are also able to access certain interactive and premium content.

Telenet charges its basic tier cable television subscribers an average monthly fee of €9.93, excluding 21% VAT and copyright fees described below. In addition to the basic subscription fee, basic cable television subscribers are charged a copyright fee of €2.63 per month, excluding 21% VAT, for the content received from public broadcasters that is broadcast over Telenet's network. These fees contribute to the cost Telenet bears in respect of copyright fees paid to copyright collection agencies for certain content provided by the public broadcasters. Approximately 32% 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 increased the subscription fee for its basic cable television service in response to inflation. In January 2011, Telenet submitted an application to the regulator to increase its basic cable television subscription fee, which was granted in May 2011. As of October 2011, Telenet effectively increased its subscription fee by an average 4.2% (€0.55 per month) for the first time since 2009 and raised the associated copyright fee by €0.25 per month on average.

In March 2008, Telenet started offering its digital set-top boxes on a rental basis. At present, Telenet's digital television subscribers can rent an "HD Digicorder" with full PVR functionalities for €8.00 including 21% VAT per month. As the rental fee for Telenet's set-top boxes is integrated in Telenet's multiple-play bundles, the majority of Telenet's newly acquired digital television customers choose to rent their set-top box. The rental model generates recurring revenue in the form of monthly rental fees, as opposed to nonrecurring low-margin revenue through the sale of set-top boxes.

In addition to subscription, rental and copyright fees, Telenet collects carriage fees from certain content providers in exchange for carrying their content over Telenet's network. Telenet also charges activation and installation fees to subscribers joining its interactive digital television service, though these may be waived under temporary promotions.

Telenet is required to deliver certain television channels and radio stations to its basic cable television subscribers pursuant to "must carry" rules. These requirements cover broadcasts of the Flemish and French-speaking public community broadcasters in Belgium, the relevant regional and the programs of the Dutch public broadcaster. See "—*Regulation—Broadcasting Regulation—Must Carry*."

Telenet estimates that its basic cable television viewers spend approximately 75% of their viewing time watching ten local Flemish channels.

Basic Tier Content

Several different relationships govern the content that Telenet provides to its basic cable television subscribers. Telenet pays copyright fees to the foreign, public national and regional broadcasters carried on its basic cable television network. In general, these fees are paid to copyright collection agencies and broadcasters based on a combination of per program fees and the number of subscribers to Telenet's basic cable service. Although specific arrangements vary, contracts governing the payment of these copyright fees generally have terms of between three and four years. These agreements with the copyright agencies and broadcasters were the subject of significant litigation in recent years. See "*—Legal Proceedings*." Telenet is required by law to carry the signals of the regional broadcasters at no charge and also does not charge a carriage fee to the public broadcasters. See "*—Regulation—Broadcasting Regulation—Must Carry*." Telenet also enters into transportation and distribution agreements with the commercial broadcasters. Through transportation contracts, Telenet agrees to carry a commercial broadcaster's signal across its fiber backbone to its head end stations, where the signal is subsequently delivered to Telenet's subscribers. Broadcasters who transmit their signal to Telenet by satellite can elect to deliver their signal directly to Telenet's head end stations and, as a result, does not need to enter into a transportation agreement with Telenet. Telenet also enters into distribution contracts with all of the commercial broadcasters whose channels it carries on its network, pursuant to which Telenet agrees to carry the broadcaster's signal from the head end station to Telenet's basic cable television subscribers. The prices that Telenet charges under distribution contracts are based on nondiscriminatory policies.

In some situations, Telenet does not charge the broadcasters any fee for transmitting their signal to its subscribers. Instead, the broadcasters benefit from increased advertising revenue they receive from reaching Telenet's basic cable television subscribers and Telenet benefits by providing its subscribers added content. In certain situations, Telenet pays broadcasters for the channels they transmit over Telenet's network. In addition to these arrangements, Telenet has also entered into contracts with certain broadcasters pursuant to which it currently pays a fee in order to have the right to broadcast their signal on any digital cable television service that it may offer in the future. For the year ended December 31, 2011 and for the six months ended June 30, 2012, Telenet incurred copyright fees of €48.8 million and €24.9 million, respectively, to public national and regional broadcasters and related copyright agencies for both analog and digital content.

Premium Tier Cable Television

Following the launch of Telenet's iDTV service in 2005, customers now receive a wider range of basic digital channels, together with certain interactive features, in addition to a range of basic analog channels. Following the launch of HD on Telenet's iDTV platform in 2007, its customers have access to additional HD channels and HD premium content. Telenet's current digital cable television service includes a combination of premium sports and movie channels, a wide range of thematic channels, and a variety of on-demand content and other interactive features.

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 Telenet 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, Inc.. 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 and playback digital content viewed on its service. As of June 30, 2012, approximately 83% of activated set-top boxes included PVR functionalities and approximately 77% 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 an on-demand basis and a variety of interactive features. Telenet's full premium interactive digital television offering is available to all subscribers passed by its network. Prior to the Interkabel Acquisition in October 2008, the latter service was only available to subscribers residing in the Telenet Network service area. Through the Interkabel Acquisition, Telenet has acquired the analog and digital television activities of the PICs and hence have been able to offer Telenet's entire set of services throughout the whole of Flanders and parts of Brussels.

Until the end of 2009, Telenet used to offer a limited premium service, by way of PRIME Sports and PRIME Film channels in analog format, to former Canal+ customers who were passed by the Partner Network in the PICs area. This service was discontinued in the fourth quarter of 2009 with the remaining 6,000 subscribers having migrated to Telenet's interactive platform.

In cooperation with the local broadcasters, Telenet has built a large broadcasting on-demand library, including the majority of their 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, train information, job searches and public and air 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 iPad™, iPhone™, laptop and personal computer. In addition, Yelo offers a range of convenient services, such as an EPG, remote programming of one's set-top box and access to video-on-demand. In March 2012, Telenet added 14 television channels to its Yelo platform, 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 Yelo platform was further enriched by adding social media features and capabilities. At present, Telenet has more than 260,000 Yelo users.

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 of the Jupiler Pro League on the Sporting Telenet pay television channels. From the 2012-2013 season onwards, Telenet will be able to broadcast all league matches, including the five remaining matches on a non-exclusive basis, which may drive incremental subscriber growth. At the end of July 2011, Telenet completely revamped its pay television sports channel PRIME Sport into Sporting Telenet. These sports channels 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). As of June 30, 2012, approximately 183,700 customers subscribed to Sporting Telenet, up 48% as compared to June 30, 2011.

PRIME and Sporting Telenet. The core of Telenet's premium offering is centered on its PRIME and Sporting Telenet premium pay television channels, which are offered as a selection of up to seventeen channels, including ten sports and seven movie channels. These can either be taken as stand-alone channel packages or combined. In July 2011, Telenet rebranded its sports channels PRIME Sports into Sporting Telenet following Telenet's acquisition of certain exclusive broadcasting rights for the main fixtures of the Belgian football championship and the acquisition of the non-exclusive broadcasting rights for the remaining fixtures of the Belgian football championship. Every week, Sporting Telenet broadcasts the best and most exciting fixtures of both the Belgian and international football championships. The continued success and growth of the PRIME and Sporting Telenet channels will depend, among other factors, on whether Telenet will be able to renew its broadcasting rights of the Belgian football championship for the seasons starting July 2014, and whether it will be able to acquire other football broadcasting rights (including for foreign championships).

Thematic Channels. Telenet's premium service also offers subscribers access to themed groups of family, documentary, news, lifestyle, music and adult channels in exchange for a monthly subscription fee. Telenet currently offers 37 channels within these thematic packages.

Specialist and Other Channels. Telenet also provide a selection of four specialist channels covering adult content, music content and French language programming, including premium sports and movies, from BeTV.

On-demand Content and Other Interactive Features. In addition, subscribers to Telenet's interactive digital television platform are able to use interactive features that are charged on either a per-use or monthly basis. Telenet's current interactive content offerings include on-demand broadcast channels including many of the Dutch-language channels and a wide selection of on-demand films, music and adult content. Telenet has established itself in interactive television broadcasts, which have proved popular in various audience voting programs. In addition, Telenet provides the ability to send e-mail, use short message services, view online photo albums and access to government services and programs. Other features include several interactive search engines such as telephony directories, train information, job searches and public and air transportation information.

Prices for Telenet's premium and extended tier offerings vary from €6.43 per month (including 21% VAT) for the least expensive of the single premium channel selections to a range of between €21.55 and €35.60 per month (including 21% VAT) for Telenet's PRIME Film and Sporting Telenet premium channels. Prices for Sporting Telenet and the combined package of movies and sports are dependent on the number of services ordered and range from €29.12 per month for triple-play subscribers to €35.60 per month for single-play subscribers (both applicable to combination of PRIME Film and Sporting Telenet, including 21% VAT).

Premium Feature	Price per month (€, including 21% VAT)
PRIME	
PRIME Film Pack	21.55
Sporting Telenet(1)	From 16.15
PRIME Film & Sporting Telenet(1)	From 29.12
Theme Packs	
Plus Pack	13.99
Documentaries & Lifestyle	6.43
Kids & Music	6.43
Entertainment	6.43
Option FR	5.35
Music Choice	5.35
Adult	
X-Passion	16.15
French Be-TV	39.99
Channels A la carte (TV on demand)	Prices differ per provider and per program
Film A la carte (video on demand)	Prices differ per film

(1) Prices for Sporting Telenet and the combined package of movies and sports are dependent on the number of services ordered and range from €29.12 per month for triple-play subscribers to €35.60 per month for single-play subscribers (both applicable to combination of PRIME Film and Sporting Telenet, including 21% VAT).

Premium Tier Content

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, payments under a few of these contracts are increased in proportion with any price increases that Telenet may introduce 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 of other 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 may be adversely affected and Telenet's profitability may be impaired. 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. See "*Risk factors—Risk related to Telenet's business, technology and competition—If Telenet is unable to obtain attractive programming or necessary equipment and software on satisfactory terms for its digital cable television services, the demand for these services could be reduced, thereby lowering revenue and profitability*" and "*Risk Factors—If Telenet is unable to obtain attractive programming or necessary equipment and software on satisfactory terms for its digital cable television services, the demand for these services could be reduced, thereby lowering revenue and profitability*".

Residential Internet

Telenet is the leading provider of residential broadband internet services in Flanders. Through its HFC upgraded network, Telenet offers its residential subscribers a broadband internet service at a downstream data transfer speed 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 that its broadband internet subscriber base is among the most advanced in Europe given that approximately 99% of its total subscriber base enjoyed download speeds of at least 30 Mbps as of June 30, 2012. Furthermore, approximately 27% of Telenet's installed base subscribed to its EuroDocsis 3.0 offering, Fibernet, as of June 30, 2012. 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 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. 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 a personal computer in Flanders and parts of Brussels.

The following chart sets forth certain information related to Telenet's residential broadband internet service as of and for the periods indicated:

	As of and for the six months ended June 30,		As of and for the year ended December 31,		
	2012	2011	2011	2010	2009
Footprint:					
Homes passed[(1)]	2,856,300	2,831,300	2,843,800	2,818,800	2,793,800
RGUs:					
Residential broadband internet	1,298,500	1,223,300	1,264,600	1,189,000	1,082,200
Business broadband internet	40,700	40,400	41,000	37,600	33,700
Total broadband internet	1,339,200	1,263,700	1,305,600	1,226,600	1,115,900
Penetration rate[(2)]	46.9%	44.6%	45.9%	43.5%	39.9%
Churn[(3)]	7.4%	7.2%	7.7%	7.2%	7.4%

(1) Homes passed represents the number of potential residential, SoHo and SME subscribers to whom Telenet can offer its broadband internet services via a coaxial connection.

(2) Number of RGUs at the end of the relevant period as a percentage of the number of homes passed by the Combined Network at the end of the relevant period.

(3) Churn represents the total number of RGUs disconnected during the period divided by the average number of RGUs for the period. Churn 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. Includes SMEs that receive Telenet's services through a coaxial connection.

Telenet offers its subscribers several installation alternatives when they subscribe for internet access from Telenet in order to maximize the convenience of the process for the customer. See "*—Residential Sales, Marketing, Installation and Customer Care*."

At June 30, 2012, Fibernet was Telenet's most popular broadband internet package relative to the size of its overall installed base. Telenet believes that this success clearly demonstrates customers' demand for reliable and high speed broadband connections so they can access the internet through multiple devices simultaneously. Telenet also offers a variety of optional features from which its broadband internet subscribers may select, including internet security packages, additional volume limits, additional mailboxes, additional webspace and domain hosting services. Prices for these services range from €1.50 to €5.00 per month including VAT. After installation, customers are able to amend the particular broadband service they subscribe to through their Telenet internet service.

The following table summarizes the principal features of the broadband internet services that Telenet currently offers its customers. All prices are valid as of the date of the Offering Memorandum.

	Basic Internet	Fibernet	Fibernet XL
Specifications			
Number of mailboxes	2 (5 GB)	8 (5 GB)	20 (5 GB)
Web space	50 MB	50 MB	2 GB(1)
Telenet Webmail	Included	Included	Included
Anti-virus	Included	Included	Included
Anti-spam	Included	Included	Included
Auto-reply	Included	Included	Included
Telenet Security Pack	—	—	Included
Wireless internet	Included	Included	Included
Subscription Wi-Free	Included	Included	Included
Modem rental	Included	Included	Included
Speed(2)			
Download	30 Mbps	60 Mbps	120 Mbps
Upload	2.5 Mbps	4 Mbps	5 Mbps
Volume			
Data volume	100 GB	Fair use(3)	Fair use(3)
Price			
Monthly subscription fee (incl 21% VAT)	€ 24.95	€ 44.95	€ 64.95

(1) Max 1 GB per URL.

(2) Theoretical speed; actual speed may be influenced by traffic on the internet and other technical factors.

(3) The term “Fair use” means that a customer can send and receive a very large quantity of data via Telenet network. Telenet will only ask a customer to adjust his/her consumption in the case of excessive volume consumption that may threaten the comfort of other subscribers. We understand excessive volume consumption to mean consumption that is at least double the average volume consumption of all subscribers for his/her internet product. In the case of excessive volume consumption, Telenet reserves the right to reduce the download speed to the minimum of 512 Kbps until the next charging period begins. “Fair use” can only be used for private purposes and occur in full compliance with Telenet’s general conditions and code of conduct. Among other things, this means that the subscriber can only disseminate legal data.

Residential Telephony

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, due in part to Telenet’s emphasis on customer service and innovative tariff plans. Substantially all of Telenet’s telephony subscribers use VoIP technology, which utilizes the open standards EuroDocsis protocol, and through which Telenet is able to provide both internet and telephony services.

The following table describes certain information related to Telenet’s residential telephony service as of and for the periods indicated:

	2012		2011		
	2012	2011	2011	2010	2009
Footprint:					
Homes passed(1)	2,856,300	2,831,300	2,843,800	2,818,800	2,793,800
RGUs:					
Residential telephony	907,000	834,600	867,100	802,200	728,900
Business telephony	13,200	12,700	13,000	12,400	12,000
Total residential telephony	920,200	847,300	880,100	814,600	740,900
Penetration rate(2)	32.2%	29.9%	30.9%	28.9%	26.5%
Churn(3)	7.5%	7.3%	7.5%	6.8%	6.8%

(1) Homes passed represents the number of potential residential, SoHo and SME subscribers to whom Telenet can offer its broadband internet services via a coaxial connection.

(2) Number of RGUs at the end of the relevant period as a percentage of the number of homes passed by the Combined Network at the end of the relevant period.

(3) Churn represents the total number of RGUs disconnected during the period divided by the average number of RGUs for the period. Churn 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. Includes SMEs that receive Telenet's services through a coaxial connection.

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 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 believes this new innovative service will drive further RGU growth.

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 lines in Belgium and the main European countries. Telenet seeks to price its residential telephony products to provide 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. These are priced at between €1.89 and €4.21 per month including 21% VAT.

Residential Rate Plans

(Prices including 21% VAT)		
FreePhone Europe	€	20.00
Option 24 Belgium	€	5.00
Option 24 Europe	€	10.00
Option FreePhone Mobile		Free of charge
Option FreePhone Mobile 24	€	10.00
Option Top Line	€	4.50

Mobile telephony. Telenet's mobile telephony offer was launched in August 2006 under the Telenet Mobile brand name. Telenet initially provided this service through an 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 the 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 mobile network. Through a partnership with Telenet, the Walloon cable operator Tecteo will also be able to make use of this 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 spectrum in the 900 MHz band and 10 MHz of paired 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 Long-Term Evolution ("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 launch a commercial offer by January 2013 and 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. If Telenet Tecteo Bidco NV fails to meet these commercial offer and coverage 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. See "*Risk Factors—If Telenet fails* *to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made.”*

Telenet provides a segmented range of mobile postpaid rate plans. Telenet initially started with a free subscription-based product with subscribers hence 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. At the end of November 2011, Telenet changed its tariff plans into “Walk & Connect”, including access to its network of current public hotspots and future Homespots and a certain allowance for mobile data usage. 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. Telenet believes these actions will help to improve the growth of its mobile business in the year to come.

As part of Telenet’s strategy and ambitions to further improve its mobile performance, Telenet launched its new mobile rate plans “King” and “Kong” at the end of July 2012. These new plans will offer mobile customers a simple, transparent and very attractive subscription at €20 or €70 per month and include a wealth of voice minutes, text messages and mobile data to cater for almost everyone’s mobile needs. On top, customers who combine these mobile plans with any of Telenet’s advanced fixed products will receive a discount of €5 on the €20 plan and of €20 on the €70 plan. In this way, Telenet customers will benefit from one of the most advanced convergent offers currently available in the market.

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 interconnect 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, which is based on a call set-up charge and on the length of the telephone call. Interconnection costs and revenues 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 a sharply declining glide path following its market analysis dated June 2010. As a result, mobile termination rates will be 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), a 75% decline compared to the current average mobile termination rate of €2.67 cent per minute, which is applicable as of January 1, 2012.

For the six months ended June 30, 2012, Telenet incurred interconnection fees of €30.1 million (€29.2 million for the six months ended June 30, 2011) and received interconnection revenue of €14.4 million (€9.9 million for the six months ended June 30, 2011). Telenet reports its interconnection revenue 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. *See " Description of Telenet's Business—Legal Proceedings*." During discussions in the context of the Telenet mobile interconnection contracts, an agreement was found on the signing of a definitive interconnection 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. See "*Risk factors—Risks Related to Telenet's Business—The Belgian internet, data and telephony industries are highly competitive and the television industry is likely to become more competitive in the future, which could have material adverse effects on Telenet's business.*"

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.

In August 2006, Telenet launched a mobile service upon concluding an MVNO agreement with Mobistar. In February 2009, Telenet signed the Initial Full-MVNO Agreement with Mobistar, which provided it with greater flexibility in terms of product offers and which enabled it to roll out fixed-mobile convergent products. Telenet launched its "Full-MVNO" service on October 11, 2010, pursuant to which it operates its own mobile core network, and uses Mobistar as a Radio Access Network provider. See "*—Telephony Regulation—Mobile Telephony*".

Telenet's Full-MVNO agreement necessitated a number of new interconnection agreements, as 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 end-users 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 provide mobile end-users access to premium text and multi-media services. See "*—Residential Telephony*."

Residential Sales, Marketing, Installation and Customer Care

Marketing

Telenet markets its residential cable television, internet and fixed and mobile telephony services under the "Telenet" brand name, which it supports with extensive advertising and brand awareness campaigns. Telenet's premium cable television services used to operate under the "PRIME" brand name. Following Telenet's acquisition of certain exclusive broadcasting rights for the main fixtures of the Belgian football championship in June 2011, Telenet has rebranded its sports channels into "Sporting Telenet", combining the best national and international football fixtures with other major sporting events such as NBA basketball and golf. Telenet's seven movie channels continue to use the "PRIME" brand name. Telenet believes that its basic analog cable television service has historically been viewed as a utility service and therefore has not actively marketed it, although Telenet has undertaken a substantial marketing effort to promote its digital television offering under the Telenet Digital television name, together with the associated "PRIME" and "Sporting Telenet" brands for certain movie and sports content. In December 2010, Telenet launched Yelo, a revolutionary new multimedia platform enabling digital TV consumers to watch their favorite television programs and video throughout and around their home, as well as on certain other wired and wireless devices, including on their iPad™, iPhone™, laptop and personal computer. Telenet intends to use "Yelo" as a sub brand to market innovative, individualized value-added services on multi platforms.

Telenet's residential marketing division manages all marketing activities for its cable television, broadband internet and telephony businesses. Working in conjunction with Telenet's residential sales and customer care division, Telenet's marketing division uses a combination of individual and segmented promotions and general brand marketing to attract and retain subscribers. Marketing channels include media advertising, telemarketing, e-marketing, and targeted mail solicitation. Telenet's marketing expenses include fixed marketing costs and variable marketing costs tied to subscriber incentives that can include free installation, free activation, free CPE such as WiFi routers and temporary reduced subscription costs. Telenet continuously evaluates its marketing channels to allocate its resources most efficiently.

As an important part of Telenet's customer acquisition strategy, it actively seeks to bundle multiple services to individual customers and offer promotional discounts to customers who receive such bundled multiple services from Telenet. Internal studies that Telenet has conducted indicate that customers who subscribe for more than one service from it are significantly more loyal to their provider. Moreover, Telenet believes that since the launch of digital television, it has started to benefit from the opportunity to introduce additional customers to its internet and telephony offerings. Telenet has been offering bundles since 2006 and have fully repositioned and rebranded these in 2008 through the introduction of its "Shakes" bundles. In January 2011, Telenet fully revamped its multiple-play product lineup following the broad commercial launch of its next-generation broadband internet product Fibernet. For an additional €10 per month customers can now get digital television and fixed telephony on top of their broadband subscription.

Since the end of 2006 Telenet has redesigned its customer intelligence in order to increase its segmented marketing efforts to specific customer categories, such as youths, families and senior citizens. In 2008, Telenet introduced a range of tailored products and bundles that are designed to specifically address the preferences of these different customer categories.

Sales, Installation and Customer Care

Telenet's residential sales and customer care division is responsible for all aspects of the sales, installation and customer care process, including customer maintenance, billing and repair procedures. Collectively, these processes are designed to promote a high level of customer satisfaction and to thereby support growth in subscriber penetration rates and the number of services per individual customer.

Telenet makes both inbound and outbound tele-sales through its customer call centers at its head office in Mechelen and at three remote locations in Flanders. In addition to Telenet's call center, its agents, who are paid a commission based on the number of sales closed, also provide a significant source of sales. These agents include consumer electronics, other retail outlets and dealers.

Telenet's call center personnel also use "win-back" promotions and other programs to minimize voluntary churn and to persuade subscribers who seek to disconnect their service to change their decision. In addition to Telenet's own call center, it outsources a proportion of its call traffic to trained third party call centre personnel in order to achieve high customer reachability while keeping its call centre cost levels flexible. Since 2009, Telenet has been implementing additional in-house call centres throughout Flanders which allows it to continue to attract call centre agents and to increase the overall level of quality in its customer care division. The associated increase in payroll expenses will be offset by lower network operating and service costs as Telenet will gradually reduce its exposure to outsourced call centers.

On June 30, 2009, Telenet acquired a multi-brand mobile retail chain, BelCompany, from Macintosh Retail Group. Through these retail stores, which are present in most of the important cities in Telenet's footprint, including Brussels, it primarily sells its mobile telephony services as well as mobile handsets. On a selective scale, these retail stores also act as points of sales for Telenet's fixed products.

The installation process is an important element of Telenet's overall customer management process. Telenet believes that the installation process can generate customer satisfaction and valuable cross-selling opportunities when properly implemented, or generate an adverse reaction, potentially resulting in a sales cancellation or customer churn, if not well managed. Currently, all fixed-line residential services except for basic analog cable television require an installation by a trained technician since all digital or interactive services require that a network interface unit ("NIU") be installed in the customer's home. This NIU enables interactivity between Telenet's network and the end-user, and to prevent interference from entering the network.

The connection from the NIU to the appropriate device or devices, *e.g.*, television, personal computer or telephone, can be implemented using a combination of wired and wireless solutions. Where wired solutions are not appropriate, Telenet is able to offer wireless installations or can offer internet subscribers the option of transmitting internet signals through the existing electrical wiring network of a home using additional adapters. The choice of modem depends on which services the customer plans to use and is also a function of current technology choices. Telenet is able to optimize the cost it incurs for customer equipment both at initial point of sale, and for future cross-sell opportunities, through its selection of type of modem. For example, new iDTV customers will typically be enabled for internet and telephony services also, which can be subsequently activated for a limited incremental cost. In homes where a NIU and modem are already present, Telenet offers its customers the choice to perform the installation through a self-installation kit or by making use of its installers. Most of the installation workforce is being outsourced but with strict training and performance measures in place. For Telenet's digital and interactive services, Telenet offers a range of installation choices. In the most basic installation, the Telenet installer installs only the cable internet modem, while the most comprehensive installation addresses all aspects of the installation so that the subscriber is ready to use the internet immediately after the installation is completed.

The customer care process, including repair, is a significant priority of Telenet's management. Telenet regularly conducts surveys and tests to analyze the effectiveness, efficiency and satisfaction of its customers in all aspects of their experience with Telenet, from the initial sales and marketing effort, to installation and any required follow up. In addition to Telenet's in-house call center, Telenet contracts with outside providers who handle a majority of its call volumes. Telenet seeks to improve the efficiency of its installation process to deploy its resources in a more effective manner.

Business Services

Telenet's business customers include 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, 2011 and for the six months ended June 30, 2012, Telenet's business services operations generated €90.8 million and €45.4 million in revenue, respectively. Telenet markets its business services under the Telenet for Business brand name. Telenet's corporate customers generally connect to the Telenet Network directly through a fiber optic connection and its SME customers connect to the Combined Network through a fiber, DSL or coaxial connection, depending on the scope of their needs and their location relative to Telenet's 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 Telenet 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 and gradual commercial roll-out 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.

Future Products and Services

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 make increasingly use 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.

In February 2010, Telenet launched its "Digital Wave 2015" investment program aimed at delivering a next generation broadband internet network. One of the cornerstones of this project is Pulsar, a network investment program aimed at reducing the number of homes passed per optical node from an average of 1,400 homes in 2010 to an average of 500 homes passed by the end of 2015. Powered by its strong HFC network, Telenet will develop new applications and features, such as smart metering, e-health and others, either on a stand-alone basis or through mutually beneficial partnerships.

Mid-December 2011, Telenet launched its Homespot concept, which is a complement to the Telenet hotspot network which is freely accessible for existing Telenet customers. Through the two antennas the Telenet modem is able to transmit two signals: one for private use and another one for public use. Hence, Telenet internet customers will soon be able to surf for free on their smartphones, laptops and tablets by using their friends' or relatives' wireless network.

In 2004, Telenet was the first operator in Belgium to launch "FreePhone", enabling unlimited calls to landlines in Belgium during off-peak hours. In November 2011, Telenet introduced a new feature on this flat-fee rate plan, called "FreePhone Mobile". Thanks to "FreePhone Mobile" Telenet's fixed telephony customers can make free calls to mobile lines in Belgium during off-peak hours.

At the end of 2010, Telenet launched Yelo, its new multimedia platform enabling digital cable television subscribers to watch their favorite shows, films and episodes through their mobile device at their own discretion. At the same time, Telenet added automated programming features and an EPG to the product. In the near future, Telenet will add additional features to this product.

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 spectrum in the 900 MHz band and 10 MHz of paired 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 Long-Term Evolution ("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 launch a commercial offer by January 2013 and 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. If Telenet Tecteo Bidco NV fails to meet these commercial offer and coverage 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. See "*Risk Factors—If Telenet fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made*".

Supply and Installation

Telenet has relationships with several suppliers that provide it with hardware and software necessary to operate its network. For network critical equipment where an open standard has not been deployed, Telenet has a dual vendor policy pursuant to which it seeks to have at least two sources of supply for necessary equipment.

ADB is Telenet's sole supplier of digital set-top boxes for its iDTV service and Vidiom SA supplies the middleware solution that supports the user interface for its iDTV platform. After Telenet encountered problems with the internal power supply circuits of certain set-top boxes, ADB and Telenet entered into a settlement in December 2011 pursuant to which ADB agreed to perform repair and refurbishment services, and Telenet agreed to purchase a minimum volume of set-top boxes at an agreed net price through December 31, 2012.

Telenet is using subcontractors to install internet, telephony and iDTV equipment in subscriber homes, in addition to having a small portion of installations performed by its own employees. Certain services can be self-installed by its customers, but most still require a professional installer. Telenet's agreements require that the subcontractors maintain certain quality levels and use trained personnel, and Telenet monitors the efficiency and quality of service provided by the subcontractors on a regular basis.

Key suppliers of Telenet's information technology ("IT") needs include Infosys Technologies Limited, which provides the group with general IT services, Comverse Inc., which provides the group with billing and rating related software and hardware and Cronos, which provides the group with support for its ERP system. See "*Telenet's owned network prior to its acquisition of the television business of the PICs and Interkabel in October 2008, combined with the Partner Network (the "Combined Network") and related systems depend on equipment and service suppliers that may discontinue their products provide poor services or seek to charge Telenet prices that are not competitive, all of which may adversely affect its business and profitability.*"

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 stand-alone 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.

Customers are charged a termination fee when they cancel their subscription before the end of the contractual term. 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 decrease their service level. 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.

As of January 1, 2011, Telenet adjusted its financial collecting model for certain premium voice and SMS content services following a change in the Belgian legislation. This legislation states that the operator is no longer carrying legal responsibilities for the collection of these services, hence will only act on behalf of the third-party content providers going forward. As a result, the amounts billed for these premium voice and SMS content services are not presented as revenues but are netted against the corresponding expenses as from January 1, 2011.

Telenet's Network

In 1996, Telenet acquired the exclusive right to provide point-to-point services, including broadband internet and telephony services, and the right 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*) entered into in 2008 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.

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. On average, approximately 1,400 homes are served by each of the approximately 2,400 nodes in the Combined Network. Network quality usually deteriorates as customer penetration rates on any particular node increase. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits in which Telenet installs additional equipment at the node so that the same 3 Gbps capacity serves approximately 500 homes per node. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Partner Network.

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.

PICs Agreement and Interkabel Contribution Deed: Telenet's Usage Rights on the Partner Network

Prior to the closing of the PICs Agreement and Telenet's acquisition of the PICs' cable television business, Telenet solely had long-term usage rights on the Partner Network to provide point-to-point services (pursuant to the Interkabel Contribution Deed entered into by Telenet Vlaanderen NV). These usage rights are for an initial term of 50 years as from September 23, 1996, automatically renewable for additional terms of the same duration, unless terminated upon 12 years' prior notice. Interkabel and the PICs' limited termination rights under the Interkabel Contribution Deed are described in more detail below.

Following the PICs Agreement, Telenet has full rights to use substantially all of the Partner Network (i.e., to provide point-to-point and point-to-multipoint services) under a long-term lease for an initial period of 38 years, for which it is required to pay recurring fees in addition to the fees paid in relation to the Interkabel Contribution Deed (which, for the avoidance of doubt, remains in full force and effect) under certain pre-existing agreements with the PICs. The PICs remain the legal owners of the Partner Network. All capital expenditures associated with the Partner Network will be initiated by Telenet, but executed and pre-financed by the PICs through an increase of the lease payments due by Telenet NV to the PICs, and will follow a 15-year reimbursement schedule. Telenet's enlarged usage rights on the Partner Network have the form of emphyotic lease agreements (*erfpacht/emphytéose*) with each of the PICs, which under Belgian law is the legal form that is the closest to ownership of a real estate asset without actually having the full legal ownership. Any amounts payable by Telenet under such emphyotic leases are not secured (and not subordinated). Unless extended, the long-term leases will expire on September 23, 2046, and cannot be terminated earlier, except in the following cases: (a) non-payment of at least 25% of Telenet NV's annual lease payments, which is not cured within 100 business days; or (b) bankruptcy of Telenet NV.

However, in each such case of early termination, the long-term lease will not be terminated if Telenet NV is replaced by a Replacing Entity ("*Instappende Entiteit*" as defined in the long-term leases) within a certain time period (in summary, a Replacing Entity is any interested party that meets certain strict solvency requirements). In the event that a long-term lease is transferred to a Replacing Entity for an event that does not also lead to the automatic termination of the usage rights under the Interkabel Contribution Deed (see below), Telenet Vlaanderen NV will have the right (but not the obligation) to transfer its usage rights on the Partner Network to such Replacing Entity, subject to certain conditions.

Under the terms of the Interkabel Contribution Deed, Telenet's usage rights to provide point-to-point services over the Partner Network will automatically terminate if, among other things, (i) there is a unanimous and definitive decision of the board of directors of Telenet NV to cease any direct or indirect development, installation or exploitation of its telecommunications network in Belgium, (ii) Telenet NV or Telenet Vlaanderen is declared bankrupt or placed into liquidation, (iii) certain provisions of the Articles of Association (*statuten/statuts*) of Telenet Vlaanderen are amended in any way that is detrimental to the rights of Interkabel without Interkabel's written consent, (iv) the director of Telenet Vlaanderen nominated by Interkabel is dismissed for any reason without Interkabel's written consent and such director is not replaced by another director nominated by Interkabel or (v) Telenet Vlaanderen ceases to be an affiliate of Telenet NV. However, in each such case of early termination, the usage rights will not be terminated if Telenet Vlaanderen is replaced by a Replacing Entity (as defined in the Interkabel Contribution Deed) within a certain time period.

Telenet Vlaanderen has pre-emptive rights, with certain exceptions, with respect to any proposed transfer by Interkabel or any of the PICs of its respective interests in the Partner Network, or transfers by the PICs of shares in Interkabel, at the price offered by a third party. For as long as Telenet Vlaanderen has the usage rights on the Partner Network under the Interkabel Contribution Deed, Interkabel has pre-emptive rights, with certain exceptions for transfers to certain affiliates, with respect to any proposed transfer of Telenet Vlaanderen shares, at the price offered by a third party.

Interkabel and the PICs have agreed not to dissolve their co-ownership structure in respect of the Partner Network voluntarily without the consent of Telenet Vlaanderen. Interkabel has also granted to Telenet Vlaanderen a call option on its co-ownership interests in the PICs, at the lower of book value or fair market value, in the event of a breach of its obligations or the obligations of the PICs under the Interkabel Contribution Deed.

Recent and Planned Network Investments

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 100 Mbps. 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 on average 1,400 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 million per annum. This amount could vary, however, depending on market conditions, supply arrangements and numerous other factors.

Competition

Telenet faces varying degrees of competition from established and new competitors in Flanders and the rest of Belgium. See "*Risk factors—Risks Relating to Telenet's Business, Technology and Competition—The Belgian internet, data and telephony industries are highly competitive and the television industry is likely to become more competitive in the future, which could have material adverse effects on Telenet's business*". Several competitors are now seeking to offer multiple-play services to customers, including television, internet and fixed and mobile telephony services. Belgacom, the incumbent fixed-line operator in Belgium and Telenet's largest competitor, is able to offer customers a range of television, internet and telephony services that compete with the services Telenet offers its customers. Other telecommunications operators in Belgium have announced plans aimed at broadening their service offering in ways that would compete with Telenet's. This includes Mobistar, which in addition to its internet and telephony services, started offering television services also in October 2010. In addition, Telenet is observing the continued evolution of technologies that increase the capability of devices such as smartphones with multiple protocols, new generation set-top boxes, digital home gateways, and of the development of wireless broadband technologies.

The regulatory decisions of the BIPT, VRM and CSA aim to, and may potentially, strengthen Telenet's competitors by granting them access to Telenet's network. At this stage it is unclear, however, what effect these regulatory decisions, if adopted and implemented in their current form, will have on competition. See "*Description of Telenet's Business—Regulation—Broadcasting Regulation—Draft Decisions of the BIPT, the VRM, the CSA and the Medienrat*" and see "*—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which Telenet operates*".

Television

Belgium was one of the first European countries to deploy cable networks, doing so as early as the 1970s, and, as a result, other means of television delivery such as satellite and terrestrial broadcasters have not yet become as popular in Belgium as they have in other European countries. Cable is the most commonly used transmission medium for television services in Belgium. Cable network services are characterized by easy-to-use technology, efficient installation of customer equipment and reliability of a protected signal delivered directly to the home. In Belgium, there is no direct competition between the cable network operators as there is no overlap between operators' cable networks. Although Telenet has historically faced limited competition in the provision of basic cable television service in Flanders, competition increased following the launch of digital television in 2005 with consumers beginning to put more emphasis on digital, high definition and interactive television services such as video-on-demand, requiring high-bandwidth, bi-directional distribution platforms. In addition, the presence of a national competing platform (*i.e.*, Belgacom's IPTV platform) has led to the emergence of a national retail market for the provision of television broadcast services.

The primary competing platform is IPTV, offered by Belgacom over their DSL-network. Belgacom has extensively developed its digital television service and currently offers a full range of broadcast television and premium content, including video on demand. Belgacom provides a substantial source of competition, which is likely to increase in strength given the resources of Belgacom and the reach of its network across Belgium.

Telenet faces additional competitive presence in the Belgian television market from satellite television. The largest premium satellite provider in Telenet's network area is TV Vlaanderen. Beginning in October 2010, Mobistar, the second largest mobile operator in Belgium, also launched television services over satellite. The television component is only available as part of a bundle proposition which includes a mobile subscription, broadband internet over ADSL and fixed telephony. Other television delivery media include digital terrestrial television, or DTT. Analog terrestrial television was terminated in Belgium in 2008. In order to comply with the Government's analog switch over policy, the Flemish public broadcaster VRT, sold its terrestrial transmission network to Norkring Belgium, an independent private operator. This operator is in charge of managing the DTT spectrum, including the design, construction and maintenance of the transmitter networks but is not allowed to commercialize a DTT offer. Norkring Belgium held selection procedures to sublease parts of the spectrum to other operators who will offer DTT to the residential market. As of the date of the Offering Memorandum, Telenet believed itself to be the only party that had reached an agreement with Norkring Belgium to broadcast wireless television channels over the DTT spectrum. Telenet may face increasing competition from this platform as Norkring expects other parties to reach similar agreements. Under its agreement with Norkring, Telenet has certain minimum annual subscriber obligations. In addition, it is expected that other forms of television offerings will become more important in Belgium in the years ahead, such as Over The Top Television ("OTT") and mobile television, provided by financially strong companies, including Google, Apple, Proximus, Mobistar and KPN.

Telenet believes that its extensive cable network and the broad acceptance of basic cable television in Belgium will help it compete effectively in the television market. Telenet is able to offer international, national, regional and local content, including Dutch-language broadcasts, to its subscribers.

Broadband Internet

Competition in the provision of residential broadband internet service focuses on speed, price, available features and customer service, among other factors. The Belgian internet market may attract additional competitors into the market, leading to a higher level of price based competition. Telenet's residential broadband internet service in Flanders currently competes principally with DSL based services, which are able to match the speeds up to the ones offered by its low- and mid-range broadband service tiers. Following the implementation of the EuroDocsis 3.0 protocol, Telenet currently offers tiered internet offerings with download speeds that range up to 120 Mbps, which cannot be achieved by the current technologies of its competitors. Belgacom is currently able to offer downstream speeds of up to 30 Mbps to users who have their broadband connection of their VDSL network which covered approximately 82% of the Belgian population at the end of March 2012. DSL services are also offered by other providers who buy access to Belgacom's local loop at bulk rates and re-sell this access to individual subscribers. These providers also include mobile operators in Belgium. Telenet believes that the higher average speed of its service and higher customer satisfaction ratings compared to most DSL operators provides an advantage in this competitive environment.

Another possible threat to broadband internet via DSL and cable is the increasing download speeds offered by mobile internet technologies, such as the established HSPA and the emerging LTE. Penetration of mobile broadband is currently very low and Telenet believes that the majority of those consumers presently use mobile broadband internet to complement a fixed-line broadband internet connection, as the current effective speeds of mobile internet offers are too low to act as a replacement service.

Telephony

Competition in providing residential telephony service is based on price, in addition to customer service, brand recognition, functionality and quality of service, and increasingly the appeal of multiple-play bundles. Telenet's principal competitors include other operators of fixed-line services and mobile telephony operators.

Belgacom is the largest operator in the residential fixed telephony market in Belgium. As of December 11, 2011, Belgacom had an estimated 69% market share of the fixed-line telecommunications sector in Belgium according to the BIPT 2011 Annual Report. Belgacom is a publicly listed company in which the Belgian state owned a majority stake of 53.5% at the end of March 2012. Belgacom has an established market presence, a fully built-out network and resources that are substantially greater than Telenet's. Belgacom has been utilizing "win back" programs for customers terminating their service and bundle propositions to attract new customers. Telenet primarily competes with Belgacom by seeking to offer its residential subscribers superior and reliable telecommunication services in bundled multiple-play offerings.

Increasing competition is developing from services that use the internet to provide telephony which may offer lower quality of service, but greatly reduced cost. Currently, the most prominent such provider is Skype. Whereas the VoIP telephony services Telenet offers pass calls through the PSTN network and result in interconnect fees being incurred and collected, VoIP services using a broadband internet connection can completely bypass the PSTN, thereby avoiding interconnect fees. Telenet refers to this latter variant of

VoIP as "voice over the internet" or "VoN". VoN telephony can be offered at a lower cost than Telenet's VoIP service because it avoids interconnect fees. However, VoN technology can also be of a relatively lower quality than Telenet's VoIP since their telephony signals are not prioritized.

Telenet believes that its extensive network assets and overall range of services provide an effective means to remain competitive with its telephony product. Telenet offers subscribers a single point of contact for their telephony, internet and television services. Competitor's fixed-line service providers other than Belgacom do not have their own local loop, and must therefore pay other operators (typically Belgacom) for network access in order to reach their own subscribers. This disadvantage may dissipate, however, as wholesale prices for unbundling of the Belgacom local loop continue to decrease and competitors gain more open access to the Belgacom local loop. Moreover, if the Belgian authorities determine under the New Framework that "wholesale broadband access" is a relevant market in which Telenet has significant market power, Telenet may be required to grant others access to its network, including its local loop. See "*—Regulation—The EU Framework*".

Telenet also competes with mobile service providers both as a fixed-line telephony operator and a mobile telephony service provider. Recent data indicates that the trend of substitution of fixed-lines for mobile only telephony has stopped after several years of strong substitution but mobile operators could encourage customers with both fixed-line and mobile services to retain only their mobile services. Belgacom has a strong presence in the Belgian mobile market, with an estimated market share of approximately 40.6% in terms of active mobile subscribers as of December 31, 2011 according to BIPT. Belgacom offers its mobile services under the brand name Proximus. Telenet believes that its prices for fixed-line services, its focus on customer service its ability to offer bundled broadband internet, fixed-line telephony and digital television services to its subscribers, are strengths in addressing competition from mobile service providers.

Telenet also competes alongside mobile operators, including Proximus, Mobistar and BASE, in the provision of its own mobile service, which is provided on a Full-MVNO basis with Mobistar as Telenet's network provider. See "*—Residential Telephony*".

Business Services

Telenet's business customers include SMEs with between five and 100 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, 2011 and for the six months ended June 30, 2012, Telenet's business services operations generated €90.8 million and €45.4 million in revenue, respectively. Telenet markets its business services under the "Telenet for Business" brand name. Telenet's corporate customers generally connect to its network directly through a fiber optic connection and its SME customers connect to the Combined Network through a fiber, DSL or coaxial connection, depending on the scope of their needs and their location relative to Telenet's 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 has flexibility to target customers throughout Belgium because it is not dependent on such customer's proximity to its network. Telenet's business customers evaluate Telenet's offerings based on price, technology, security, reliability and customer service. Internet products include i-Fiber, Wi-Fi 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 customized services for customers of which in particular its 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 its SME customers. For certain large corporates, Telenet enters into individual agreements under which it must meet minimum service levels. Telenet has recently closed an agreement with TechData, one of Belgium's biggest distributors of information and communications technology, in order to extend and improve its distribution platform.

The availability and gradual commercial roll-out 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.

Intellectual Property

Telenet does not possess any material patents or copyrights, nor does it believe that patents play a material role in its business. Telenet has registered several trademarks with the Benelux Trademarks Office (*Benelux Merkenbureau/Bureau Benelux des Marques*) including "Telenet", "Telenet Solutions", "Telenet Digital television", "PRIME", "Telenet Digibox", "Telenet Digicorder", "Telenet FreeSurf", "Telenet ExpressNet", "Zita", "Zoof" and "Garage TV" and their related logos and Telenet's service offerings. Some third parties hold trademark rights in certain generic words included in the preceding trademarks (*e.g.*, "Digibox").

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.

Seasonality

Telenet has limited exposure to seasonal trends. Revenue from its basic analog and premium cable television service, broadband internet and business services, which together represented approximately 76% and approximately 75% of its total revenue for the year ended December 31, 2011 and for the six months ended June 30, 2012, respectively, are substantially based on fixed monthly rates and hence are not subject to seasonal variations in usage. Residential telephony revenues (which represented approximately 20% and approximately 21% of Telenet's total revenue for the year ended December 31, 2011 and for the six months ended June 30, 2012, respectively) include a usage component and tend to exhibit lower usage in summer months. This lower usage also results in corresponding seasonality in the interconnect payments Telenet makes for terminating calls from its customers to other networks. See "*—Regulation, —Telephony Regulation, —Interconnection*".

Regulation

Both Belgian and EU authorities regulate the electronic communications services that Telenet provides. "Electronic communications" comprise telecommunications and broadcasting. "Telecommunications" include telephony and internet and are regulated in Belgium by the national government. "Broadcasting" encompasses both television and radio broadcasting and is generally regulated by the regional governments of the Flemish, French and German-speaking Communities with respect to their respective jurisdictions, and by the national government in Brussels. Because of this division between telecommunications and broadcasting, both the national and the regional governments mentioned above have jurisdiction over network infrastructure that is used for both telecommunications and broadcasting activities. In addition, network infrastructure can be subject to local planning and other regulations issued by local municipalities. The services Telenet provides have come under increasing regulation in the last years.

The EU Framework

The Electronic Communications Law and the 2012 Law implemented the EU Framework at the national level for electronic communications other than radio and television broadcasting. With regard to broadcasting, the EU Framework was implemented by the 2004 Framework Decree, by a decree of February 27, 2003 in the French Community, and by a decree of June 21, 2005 in the German-speaking Community. The national legislature, which has jurisdiction to regulate broadcasting matters in Brussels, has implemented the EU Framework through the adoption of the Law of March 16, 2007, which amends the Brussels Media Law of March 30, 1995. Under the EU Framework as implemented in Belgium, the BIPT, the VRM, the CSA and the Medienrat may impose pricing restrictions and other requirements on entities which they deem to have SMP in any non-competitive relevant market in which those entities operate. These additional requirements may impose certain transparency and non-discrimination obligations on Telenet, in addition to obligations to grant others access to Telenet's network and to apply cost allocation mechanisms and accounting separation between the different electronic communications services that Telenet provides.

Provisions Applicable to All Electronic Communications

Entities with Significant Market Power ("SMP")

Under the Electronic Communications Law, the BIPT is responsible for defining relevant markets in the telecommunications sector, and the VRM is responsible for defining relevant markets in the broadcasting sector in Flanders (the CSA has such responsibility in the French-speaking Community outside Brussels, the Medienrat in the German-speaking Community, and the BIPT within Brussels). These regulators can impose certain requirements on entities with SMP in relevant markets that are not competitive. Whether an operator has SMP is determined in accordance with the principles of competition law. Among other things, the BIPT, the VRM and the CSA can, under certain conditions, require SMP operators to (i) comply with certain obligations of non-discrimination and transparency with regard to access, (ii) separate accounting of different activities in which the operator has SMP, (iii) meet any reasonable request to access and use part of the provider's network and (iv) charge cost-oriented prices and follow other price restrictions.

The following four markets are relevant for Telenet:

- "call termination on individual public telephone networks provided at a fixed location",
- "call termination on individual mobile network",
- "wholesale broadband access", and
- "broadcast transmission services to deliver broadcast content to end-users", in combination with the "wholesale broadband access" market.

In August 2006, the BIPT decided to implement a three-year gliding path to near reciprocity starting on January 1, 2007 for all alternative fixed operators, including Telenet. Although the BIPT has concluded in its decision of January 10, 2008 that cable networks, including Telenet, were not an effective equivalent market substitute and therefore were not to be regulated at the wholesale level, a new second round market analysis of the wholesale broadcasting market included the resale of cable broadband as one of the imposed remedies. In the context of the implementation by Telenet of its Full-MVNO agreement, and due to Telenet's ensuing increased control over the termination rates it charges for call termination on its virtual network, the market for "call termination on individual mobile networks" will be identified by the BIPT as a relevant market where Telenet has SMP and Telenet will most likely have to apply the mobile termination charges of the host (*i.e.*, Mobistar).

Unbundling Networks

Under the EU Framework, unbundling may also be required in the broadcasting sector. Although the Commission has deleted the "broadcasting transmission services to deliver broadcast content to end users" from the list as a candidate market in which national authorities may decide to regulate entities with SMP, national regulators can nevertheless analyze the wholesale broadcast market, subject to such market meeting certain conditions set out by the European Commission.

On July 1, 2011 the Belgian Conference of Regulators for the Electronic Communication Sector ("CRC") issued a final decision (the "July 2011 Decision") imposing on 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). See "*Risk Factors—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which it operates*". This decision, which is currently being challenged by Telenet, may, if implemented, strengthen the competition in the internet and cable television segments and reduce Telenet's control over the management of, or the quality of, its network and Telenet's ability to reach the expected returns on investment. See "*Risk Factors—The Belgian internet, data and telephony industries are highly competitive and the television industry has become more competitive, which could have a material adverse effect on Telenet's business*." "*Risk Factors—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which it operates.*"

Telephony Regulation

The Belgian Institute for Postal Services and Telecommunications (the "BIPT")

The 1991 Law created the BIPT. The BIPT, which commenced its activities in 1993, is the supervisory and regulatory body that governs the postal and telecommunications industries in Belgium. Its operations are now governed by the 2003 BIPT Law. The BIPT is a public interest body supervised by the Minister responsible for telecommunications. It is led by a council of four officials who are appointed by a Royal Decree following deliberation in the Council of Ministers. The BIPT has broad powers to draft regulations, render advice, define strategies and supervise telephony operators to ensure compliance with the Electronic Communications Law, the relevant parts of the 1991 Law, and the implementing royal decrees. Under the Electronic Communications Law, telephony operators must notify the BIPT of the electronic communication services or networks that they intend to provide or resell in the telecommunications sector and of any change thereto. The BIPT also grants rights to use phone numbers and radio frequencies. In addition, the BIPT is responsible for defining relevant markets in the telecommunications sector, for examining whether those markets are competitive and, if not, for determining which entities possess SMP, and the restrictions to which those entities should be subject. See "*—Provisions Applicable to All Electronic Communications—Entities with Significant Market Power*".

Mobile Telephony

Telenet provides its mobile services through a commercial Full-MVNO agreement with Mobistar, the second largest mobile operator in Belgium. However, Telenet is nonetheless subject to certain aspects of mobile telephony regulation, such as the requirement to provide subsidized tariffs for certain customer categories. See "*—Residential Telephony*" On July 14, 2011 the regulator awarded the fourth 3G license to Telenet Tecteo Bidco NV. In total Telenet now holds 14.8 MHz of paired 3G spectrum in the 2.1 GHz band and it exercised the option to acquire another 4.8 MHz of paired spectrum in the 900 MHz band and 10 MHz of paired spectrum in the 1800 MHz band which will both become available as of November 27, 2015. Discussions are ongoing with mobile operators in order to implement our spectrum in partnership with a existing mobile operator.

Universal Service

The Electronic Communications Law mandates that a minimum set of "universal services" be offered at a certain price and quality level. These services include providing access at a fixed location to the public telephone network throughout Belgium, offering reduced telephony and broadband tariffs for specific categories of users ("social tariffs"), providing public pay telephones and offering a directory and a directory inquiry service. All providers of public telephony and broadband services in Belgium must offer social tariffs, by applying discounts and percentages as set out in the annex to the Electronic Communications Law. For every universal service other than the social tariffs, a universal provider for each service will be selected based on an open process in which all providers can tender offers to provide the relevant service. The precise process will be determined by royal decree. If a universal service provider is not selected as a result of this process, a provider will be designated ex officio.

In general, the providers of universal services are compensated through a universal service fund, which is financed by contributions paid by telecommunication operators on the basis of their turnover. The 2012 Law, however, established a separate fund for the compensation related to the offering of social tariffs. Whether and how much an operator must contribute to this separate fund depends on the fact if an operator (i.e. the incumbent) can demonstrate that offering those social tariffs generates net costs and those net costs are deemed to be an unfair burden for that operator by the regulator. Contributions to the fund are based on the share of turnover in the overall telephony and broadband market of an operator. When requested to do so, Telenet expects that it could be required to contribute up to €4.5 million annually for the part of the universal service fund relating to social tariffs (fixed and mobile telephony and, since the 2012 Law, internet) and €0.6 million annually for the part of the universal service fund relating to public pay phones. The fund for social tariffs has been activated since the adoption of the Electronic Communications Law, but no actual payments have been made until now because the Electronic Communications Law, before its amendment by the 2012 Law, was disputed by (i) the European Commission before the European Court of Justice and (ii) by Base (part of the KPN group), KPN Belgium, Mobistar and others before the Belgian Constitutional Court. The Belgian Constitutional Court requested a preliminary ruling hereon from the European Court of Justice. On October 6, 2010, the European Court of Justice issued two decisions with respect to the Belgian universal service legislation. The Court found that the Belgian legislation failed to provide a proper methodology for calculating the net costs of providing social tariffs. In particular, the Belgian legislation did not take into account the intangible benefits which may be derived from providing social tariffs, nor did it provide for the requirement to first specifically assess the net costs borne by the operators providing those universal services before finding that there is an unfair burden. The Belgian Constitutional Court, relying on the decision of the European Court of Justice, annulled the provisions of the law of April 25, 2007 regarding the methodology for calculating those net costs. The Electronic Communications Law has been amended in this respect by the 2012 Law, taking into account that the assessment of "unfair burden" should be performed on a case-by-case basis. The Electronic Communications Law, as amended by the 2012 Law, may require operators (including Telenet) to retroactively pay compensation for Belgacom's alleged costs arising from the provision of the social element of the universal service for the period from mid-2005 to the present (if these costs are deemed to be an unfair burden for Belgacom). In such case, Telenet may have to pay up to €1.6 million for each year beginning from mid-2005. Such exposure would amount to nearly €9.5 million for the period between mid 2005 and the end of 2010. See "*Risk Factors—Telenet is subject to significant government regulation and supervision, which could require it to make additional expenditures or limit its revenues and otherwise adversely affect its business*".

In addition, the Electronic Communications Law, in its annex, provides for the establishment of a database with respect to the various customer categories eligible to the social tariff. The 2003 BIPT Law provides for the division of the cost of maintaining such database between the operators.

Fixed-Mobile Interconnection

In general, interconnection termination rates charged by mobile network operators are significantly higher than those charged by fixed-line operators. The BIPT has designated both Belgacom Mobile NV (which operates under the names "Proximus" and "Pay & Go"), Mobistar NV and BASE NV as entities that have SMP in the national interconnection market. See "*—Provisions Applicable to all Electronic Communications—Entities with Significant Market Power.*" As a result, under the current regulatory regime these mobile operators are required to charge interconnection rates that are based on their cost of providing services. In addition, their rates are required to be non-discriminatory and transparent.

The BIPT, in its capacity of national regulator, has adopted a decision for the coming years. Following the latest market analysis, the BIPT imposed a sharp declining glide path, resulting in a mobile termination rate of € 1.07 cent/per minute in January 2013.

Certain Consumer Protection Rules

The 2012 Law has inserted certain provisions in the Electronic Communications Law aimed at the protection of end users of electronic communications services, including (i) the right for customers to terminate their contracts with the relevant providers at any time, and without any compensation to the provider if such termination occurs more than six months after the entry into the agreement, (ii) duration limitations for agreements entered into with end users and (iii) a requirement for uniform presentation of tariff plans facilitating comparison between operators (and thus facilitating decisions to churn). See "*Risk Factors—Customer churn, or the threat of customer churn, may adversely affect Telenet's business.*"

Privacy Protection

In addition to applicable general privacy protection regulations, the Electronic Communications Law contains several provisions that address privacy protection in the electronic communications sector.

A first set of provisions concerns data processed for the purpose of the conveyance of a communication on an electronic communications network or for the billing thereof ("traffic data"). Operators must erase traffic data when it is no longer needed to transmit a communication, although certain traffic data may be processed for the purposes of subscriber billing and interconnection payments. Providers may process traffic data to market their own electronic communications services or for the provision of services with traffic data or location data, if the subscriber or user has consented to that processing.

"Location data" are data processed in an electronic communications network, indicating the geographic position of the terminal equipment of a user of a publicly available electronic communications service. Operators of mobile networks may process location data other than traffic data, relating to subscribers or users, only when made anonymous or with the consent of the users or subscribers to the extent and for the duration necessary for the provision of a service with traffic data or location data.

Finally, the Electronic Communications Law provides that subscribers must be given the opportunity to opt out of telephone directories or to limit the extent of personal information included in the directories.

Internet Regulation

Telenet's activities as an internet service provider (an "ISP") are subject to the Belgian law of March 11, 2003 on certain legal aspects of information society services (*Wet betreffende bepaalde juridische aspecten van de diensten van de informatiemaatschappij als bedoeld in artikel 77 van de Grondwet/Loi sur certains aspects juridiques des services de la société de l'information visés à l'article 77 de la Constitution*) (the "2003 ISP Law"), which, in relevant part, sets forth the rights and duties of an ISP when its electronic communications network is used to transmit content that infringes relevant intellectual property rights. The 2003 ISP Law provides, as a general matter, that ISPs, such as Telenet, cannot be held liable for information transmitted over an electronic communications network. ISPs must, however, deliver requested information to the judicial authorities upon their formal request. In addition, once an ISP has formal notice that illegal content is being transmitted over its network, it must inform the relevant enforcement authorities as soon as possible. The immunity provided for ISPs in the 2003 ISP Law was however weakened by the adoption of Directive 2001/29/EC on the harmonization of certain aspects of copyright and related rights in the information society (the "Copyright Directive"). The Copyright Directive provides the possibility for right holders to apply for an injunction against intermediaries who carry a third party's infringement of a protected work in a network. The Belgian legislator implemented the provisions regarding injunctions into national law in 2007, at the occasion of the implementation of Directive 2004/48/EC on the enforcement on intellectual property rights that provides for similar injunctions with respect to other intellectual property rights. The Belgian law of May 9, 2007 on the civil aspects of the protection of intellectual property rights (*Wet betreffende de burgerrechtelijke aspecten van de bescherming van intellectuele eigendomsrechten/Loi relative aux aspects civils de la protection des droits de propriété intellectuelle*) amended the Belgian law of June 30, 1994 on copyright and neighboring rights (*Wet betreffende het auteursrecht en de naburige rechten/Loi relative au droit d'auteur et aux droits voisins*) (the "1994 Copyright Law") to enable Belgian courts to order the cessation in respect of intermediaries whose services are being used by third parties to commit a copyright infringement.

Broadcasting Regulation

Overview

Unlike telecommunications, which is subject to comprehensive federal regulation, radio and television broadcasting is generally regulated by the Flemish, French and German-speaking Communities of Belgium. The Belgian constitutional court (*Grondwettelijk hof/Cour constitutionnelle*) has determined that the regulatory authority of the Belgian Communities applies to all relevant broadcasting technologies, and thus includes satellite, terrestrial, DSL and cable broadcasting. The Flemish and French Communities have adopted legislation (in the form of decrees) that governs the provision of broadcasting services in their respective jurisdictions. The federal government retains authority to regulate broadcasting in Brussels. In addition, the federal government can regulate certain non-broadcast aspects of radio communications, including limiting the power of broadcast emitters and establishing safety and technical requirements for radio receivers and other equipment.

On February 10, 2006, the Flemish government formally established the office of the VRM. The VRM is divided into a "general chamber" and a "chamber for dispute resolution and the protection of youth". The power that was previously vested in the "*Vlaams Commissariaat voor de Media*" as well as that vested in certain other regulators in the media sector was transferred to the VRM. The VRM enforces media regulations in the Flemish Community, decides litigation regarding media regulation and grants media authorizations and licenses.

Licenses and Authorizations

Under the previous regime, Telenet held two types of license to transmit and distribute cable television signals to subscribers—licenses related to the delivery of signals to subscribers over its local loop and a license related to the transportation of signals over its fiber backbone to the head ends on the Combined Network. Pursuant to the EU Framework, those licenses were replaced with a "general authorization" system since 2004, pursuant to which any operator wishing to offer electronic communications services need only notify the competent authority.

Telenet also holds broadcasting licenses—now known as notifications—for its Pay TV services (under the "PRIME" brand) and one for Studio100 TV, a TV channel broadcasting children's content.

General Authorization

The Flemish decree of March 27, 2009 on radio and television broadcasting (*Decreet betreffende radio-omroep en televisie*) (the "2009 Broadcasting Decree") stipulates that those who held an individual license at the time the 2004 Framework Decree entered into force will be deemed to have submitted the required notification. Telenet therefore does not need to notify the VRM of its activities as long as no change to its operations occurs.

Must Carry

The 2009 Broadcasting Decree imposed certain must carry obligations on cable operators. These rules were to a large extent based on the language of the content broadcast—the Flemish Community has stated that it is in the public interest for every citizen to receive information, education, culture and entertainment in his or her own language. These rules have an unlimited duration and effectively apply only to cable networks.

The 2009 Broadcasting Decree regulates the radio stations and television channels that Telenet is permitted to transmit over the Combined Network by providing certain criteria they must comply with. Channels that do not comply with those criteria cannot be transmitted without the consent of the VRM. The 2009 Broadcasting Decree requires Telenet to transmit the following radio stations and television channels:

- analog radio stations and the television channels of VRT, the Flemish public broadcaster;
- the television channels of authorized regional broadcasters of the Flemish Community;
- two radio stations and two television channels of RTBF, the public broadcaster of the French Community, and the radio station of the public broadcaster of the German Community; and
- two radio stations and the television channels (Nederland 1, Nederland 2 and Nederland 3), of the public broadcaster of the Netherlands.

Pursuant to these regulations, Telenet must carry eight television channels in Flanders. Subject to certain conditions, the Flemish Government can award "must-carry" status to other broadcasters. Telenet may charge commercial rates for carrying these stations and channels over the Combined Network. However, Telenet must carry the programs of the regional broadcasters for free. Telenet must also carry free of charge the programs of the public broadcasters. The Flemish Community is under no obligation—and does not—compensate Telenet for broadcasting the regional broadcasters' channels over the Combined Network.

Decisions of the BIPT, the VRM, the CSA and the Medienrat

In December 2010, the BIPT, the Belgian National Regulatory Authority, and the regional regulators for the telecommunications and media sectors published their respective draft decisions reflecting the results of their joint analysis of the retail television 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 incumbent telecommunications operator.

The regulatory authorities held a public consultation on the proposed measures and published the comments made by various market players. Based on these comments, the regulatory authorities made some changes to the draft decisions. The draft decisions were then notified to the European Commission by the CRC, a body which brings together the BIPT and the regional regulators. 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 regulators failed to analyze upstream wholesale markets. It also expressed doubts as to the necessity and proportionality of the various remedies.

The regulatory authorities nevertheless adopted a final decision on July 1, 2011 (the "July 2011 Decision") after making some further 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 (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, 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 to their customers. A "retail-minus" method would imply a wholesale tariff calculated as the retail price for the offered service, excluding VAT and copyrights, and further deducting the retail costs avoided by offering the wholesale service (such as, for example, costs for billing, franchise, consumer service, marketing, and sales). The implementation of the July 2011 Decision will take more than 12 months.

For Belgacom, the regulatory obligations include (i) an obligation to provide wholesale access to the local loop, (ii) an obligation to provide wholesale internet access at bitstream level and (iii) an obligation to provide wholesale multicast access for distribution of television channels.

Telenet believes that there are serious grounds to challenge the findings of the regulators' television market analysis and the resulting regulatory obligations, and has filed an appeal for suspension and annulment against the July 2011 Decision with the Brussels Court of Appeal. A decision from the Brussels Court of Appeal on Telenet's request for suspension of the new regulatory obligations until the appeal is finalized is expected in September 2012. Although we believe the decision to impose wholesaling obligations is misguided and unfounded, there can be no certainty that Telenet's appeals will be successful. Accordingly, one or more of these regulatory obligations could be upheld, in present form or in modified form.

Belgacom has also challenged the decision of the CRC in an appeal with the Brussels Court of Appeal for annulment of the July 2011 Decision, but only with respect to (i) the exclusion of Belgacom from the digital television and broadband cable remedies and (ii) the obligation for Belgacom to provide wholesale multicast access for distribution of television channels.

The July 2011 Decision aims to, and in its application may, strengthen Telenet's competitors by granting them access to Telenet's network and lowering their costs to offer competing products and services. In addition, any 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 regulatory authorities and the extent that competitors take advantage of the access ultimately afforded to Telenet's network.See "*Risk Factors—Risks Relating to Legislative and Regulatory Matters—Telenet may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which Telenet operates*".

Pricing of Cable Package

The Belgian law of January 22, 1945 on economic regulation and pricing (the "1945 Pricing Law") and the Ministerial Decree of April 20, 1993 regarding special regulation on prices (the "1993 Ministerial Decree") require television services distributors, among others, to receive the prior consent of the Minister of Economic Affairs before they can implement any price increase of their basic package. The 1993 Ministerial Decree, which is applicable in the French and Flemish communities as well as Brussels, specifies the procedures that television services distributors, including Telenet, must follow in order to increase fees charged to subscribers. Pursuant to the Pricing Law and the Royal Decree of June 3, 1969, the Pricing Committee was established to advise the Minister of Economic Affiars on pricing policies and to administer the price increase process. The Pricing Committee is a part of the national Ministry of Economy. It consists of a president, a vice-president, two reporters, a legal advisor and 88 members, of whom half are alternate members. Members of the Pricing Committee are drawn from various industry and user groups. Individual matters brought before the Pricing Committee are reviewed by a subcommittee consisting of the president, the vice-president, reporters, secretaries, representatives of the Ministries of Economy and Finance and ten members who come from the specific industries and user groups with knowledge of the subject matter under review.

A television services distributor may not charge more for its services than the price approved by the Minister of Economic Affairs, whose decision is based on the recommendation of the Pricing Committee. Companies may, however, freely decide to charge amounts under this maximum. In January 2011, Telenet submitted an application to the regulator to increase its basic cable television subscription price for the first time since 2009. In May 2011, the regulator granted Telenet permission to pursue such an increase. As of October 2011, Telenet has effectively increased its subscription fee by an average 4.2% (€0.55 per month).

Copyright fees charged to subscribers are not subject to these pricing restrictions.

Prices for new products in, among others, the "teledistribution" sector, must be notified to the service of General Inspection of Prices and Competition, established by the 1993 Ministerial Decree, no later than ten days before they are implemented.

Copyright and Retransmission Restrictions

The 1994 Copyright Law governs the distribution activities of cable companies and *inter alia*, implemented the Council Directive 93/83/EEC of September 27, 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission (the "Satellite Directive"). The national government, acting through the Ministry of Economy, regulates all issues related to copyright. These regulations apply to Telenet's basic cable television offerings, in both digital and analog format.

Pursuant to case-law of the Belgian Supreme Court and the 1994 Copyright Law, cable companies must receive approval from the holders of the relevant copyrights and related rights to transmit protected works over the cable operators' networks, irrespective of whether the works are redistributed, directly injected or directly generated by the cable company.

Telenet broadcasts copyrighted works over its cable network pursuant to agreements with several broadcasters and agencies that represent the holders of various foreign and domestic copyrights. These agreements have been the subject of litigation.

In Telenet's on-demand offerings it complies with the provisions of the 2009 Broadcasting Decree that limit the broadcasting of programs with restricted content through the use of encryption.

Interactive Digital Television

In September 2005, Telenet began offering iDTV to its cable television subscribers. In addition to a selection of digital cable television channels, customers are able to access a variety of interactive features, including e-mail, text messaging and other internet services. See "*—Telenet's Products and Services—Cable Television—Premium Tier Cable Television*."

Local Regulations

Telenet is subject to certain local regulations with respect to its networks, including network rights of way. For telecommunications networks, the 1991 Law explicitly provides that public authorities (*e.g.*, municipalities) cannot charge network operators for the rights of way granted to them. Several municipalities have implemented a model regulation requiring payment for "the municipal services and the use of the municipal public domain as a result of works on permanent utilities on the municipal public domain." Telenet has asked the Flemish provincial governors to suspend these regulations on the grounds that they violate the 1991 Law. Several province governors have confirmed that the regulations do not apply to Telenet's networks because they are superseded by the 1991 Law. Telenet cannot exclude that in the future the free rights of way article in the 1991 Law will be amended, which could require it to incur significant costs. However, Telenet has to pay the Flemish region retributions for the use of its public domain, *e.g.*, rights of way of regional streets. This amounts to approximately €150,000 annually.

Competition Law

In addition to sector-specific regulations, Telenet is also subject to EU and national competition rules. The EU competition rules, based on the Treaty on the Functioning of the European Union, are directly applicable in Belgium. These provisions prohibit anti-competitive behavior by a company having a dominant position in the market, as well as collusion between competitors that could affect trade between member states of the EU, and that has the objective or effect of restricting or preventing competition within the EU. The Belgian competition rules contain identical provisions that are applicable where the Belgian market, or a substantial part of it, is affected. The European Commission, the Competition Council and the Belgian civil courts have jurisdiction in cases involving any violation or suspected violation of these provisions.

EU and national competition rules could limit Telenet's ability to offer bundled telephony services, internet services, television services and/or intermediary interactive products. See "*—Provisions Applicable to All Electronic Communications—Bundled Sales*." The market abuse prohibition could prevent Telenet from bundling a service or product for which Telenet has a significant market position with a service or product for which Telenet has no such position. In particular, it may be that bundled sales of its television offerings will be allowed to a lesser degree due to Telenet's market share for television distribution. See "*—Telenet's Products and Services—Residential Sales, Marketing and Customer Care.*"

Employees

As of December 31, 2011, Telenet had an aggregate of approximately 2,093 employees ("Full-time equivalents"), certain of whom belong to organized unions and works councils. Certain of Telenet's subsidiaries also use contract and temporary employees, which are not included in this number, for various projects. Telenet believes that its employee relations are good.

Properties

Telenet leases its headquarter buildings pursuant to two sale-leaseback arrangements with KBC Bank NV ("KBC"), which is the security agent and a lender under the Senior Credit Facility, and Dexia Lease Services ("DLS"). The leases expire on December 31, 2021.

Telenet owns one shop in Schaarbeek, and leases a shop in Leuven as well as the properties that form the BelCompany retail mobile shops. Telenet leases office space for its external call centers in St-Truiden, Aalst and Herentals. Telenet rents office space and warehouse in the following regions: Roeselare, Merelbeke, Wijgmaal, Herentals and Lochristi.

Telenet's fiber and coaxial network runs through public and private rights of way. Article 98 of the 1991 Law (see "*—Regulation—Telephony Regulation—Overview*") grants Telenet free rights of way on public land. Approximately 95% of Telenet's rights of way are over public land, and it pays a relatively small amount of taxes (retributions) to the Flemish Region in connection with these public rights of way. See "*—Local Regulations.*" Article 99 of the 1991 Law grants Telenet a right to run its network lines over private land provided that it pays the owner of the land fair compensation. Disputes concerning the amount of compensation to be paid for private rights of way are resolved by the BIPT. In general, Telenet's fiber optic cable runs in trenches shared with utilities and other service providers and its coaxial cable runs in trenches to which it alone has access. Approximately 40% of Telenet's local loop is above ground.

The buildings housing Telenet's switches and head end stations are a vital part of its network. Telenet owns three switch buildings (Asse, Gent and Hasselt), and has ownership rights (*opstalrechten*) in two further switch buildings (Roeslare and Hoboken) until June 30, 2046 and December 31, 2046, respectively. Some head end stations are located in stand-alone structures and others are parts of larger utility and similar complexes. Telenet owns 26 of its head end stations and have ownership rights in 19 further head end stations.

Telenet owns 22 antenna stations which it leases to other mobile operators.

Advertising

Telenet has entrusted a joint venture incorporated together with the Vlaamse Audiovisuele Regie NV and Concentra NV with the management of its online advertising on an exclusive basis.

Sponsorship

In order to promote Telenet's brand and image, Telenet regularly enters into promotion and sponsorship agreements, notably with major sports teams and/or sport players which, Telenet believes, portray its goals and values. Those contracts are usually entered into for a limited number of sport seasons and can be terminated by Telenet in a number of instances, including in case Telenet is likely to suffer reputational damages due to the sponsoree's misbehavior.

Environmental Matters

Telenet's operations are subject to a variety of laws and regulations relating to land use and environmental protection.

Legal Proceedings

Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business, as Telenet operates in a very competitive environment. Litigation could arise in connection with, among other things, intellectual property, advertising, campaigns, product offers, and the pursuit of acquisition opportunities. Certain pending lawsuits in which Telenet is involved are described below. Other than as discussed below, Telenet does not expect the legal proceedings in which Telenet is involved or with which Telenet has been threatened to have a material adverse effect on its business or consolidated financial position. Note, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

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. See *"Description of Telenet's Business—PICs Agreement and Interkabel Contribution Deed: Telenet's Usage Rights on the Partner Network*". 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 with 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.

As of June 30, 2012, Telenet retained an accrual of €0.4 million for claims of collection agencies and/or certain broadcasters (which were not directly injected in Telenet's cable network and with whom Telenet has no 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 because they think he is not objective and biased in favour of Telenet.

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.

Potential Antitrust Investigation

The Belgian Competition Council has indicated that it considers opening an antitrust investigation into the Belgian cable operators' practice requiring end users to purchase or lease a decoder from the cable operators in order to have access to their digital television offer.

MANAGEMENT AND GOVERNANCE OF TELENET

Board of Directors

Composition

The board of directors of Telenet Group Holding (the "Telenet Board of Directors") currently consists of thirteen members, five of whom are independent directors. See "*—Independent Directors*". The articles of association of Telenet Group Holding (the "Telenet Articles of Association") provide that the Telenet Board of Directors can be composed of a maximum of 17 directors, three of which must be independent directors. Directors are appointed for terms of up to four years. Directors appointed upon the resignation of a director resigning before the end of the normal term period continue to serve only the remaining portion of the original appointed term before requiring re-election. A shareholder who owns a majority of the total shares issued by Telenet Group Holding, has the right to nominate at least a majority of the members of the Telenet Board of Directors.

Seven of the thirteen directors that are currently on the Telenet Board of Directors have been appointed upon nomination of the Liberty Global Consortium. The remaining directors are its Chief Executive Officer, directors appointed by former syndicate shareholders (who currently exercise their board mandate as individuals) and independent directors.

Independent Directors

The Telenet Board of Directors currently maintains five independent directors. Pursuant to the Telenet Articles of Association, independent directors are appointed by a majority of the shareholders from among candidates nominated by the majority of the members of the Telenet Board of Directors, upon advice of the Remuneration & Nomination Committee. See "*—Board Committees—Remuneration & Nomination Committee*". Independent directors must satisfy the independence criteria of the Telenet Articles of Association and the Belgian Company Code.

Observers

The Telenet Articles of Association permit the holders of certain Golden Shares (as defined under "Principal Shareholders of Telenet") of Telenet Group Holding to designate one observer to the Telenet Board of Directors, in case the MICs or Electrabel cease to be represented in the Telenet Board of Directors. The observer has the right to attend meetings of the Telenet Board of Directors and to receive all information provided to the Telenet Board of Directors, but is not entitled to vote and remains subject to the same confidentiality obligations as a member of the Telenet Board of Directors. Following the expiration of the mandate of Mr. André Sarens as director of the Company at the general shareholders meeting of April 25, 2012, the MICs and Electrabel have requested to appoint Mr. André Sarens as observer on the Telenet Board of Directors in his personal name.

Members

As of the date of the Offering Memorandum, the members of the Telenet Board of Directors, their year of birth, and the expiry of their terms, are set out in the chart below:

Name(1)	Year of birth	Position(2)	Term
Frank Donck	1965	Chairman of the Board and Independent Director	2014
Alex Brabers	1965	Independent Director	2014
Michel Delloye(4)	1956	Independent Director	2015
Julien De Wilde(3)	1944	Independent Director	2014
Friso van Oranje-Nassau	1968	Independent Director	2014
Duco Sickinghe	1958	Chief Executive Officer and Managing Director	2016
Charles Bracken	1966	Director	2016
Diederik Karsten	1956	Director	2015
Balan Nair	1966	Director	2015
Manuel Kohnstamm	1962	Director	2015
Ruth Pirie	1969	Director	2015
Angela McMullen	1967	Director	2016
Jim Ryan	1965	Director	2015

(1) The business address of each of the members of the Telenet Board of Directors is Liersesteenweg 4, 2800 Mechelen, Belgium.

(2) With the exception of the Chief Executive Officer/Managing Director, all directors are non-executive directors.

(3) As permanent representative of De Wilde J. Management BVBA.

(4) As permanent representative of Cytindus NV.

The following paragraphs set forth biographical information regarding the members of the Telenet Board of Directors and the Telenet NV Board of Directors.

Frank Donck, Chairman of the Board and Independent Director

Frank Donck has served as a director of Telenet Group Holding and Telenet NV since 1996 and as Chairman of the Telenet Board of Directors and the Telenet NV Board of Directors since August 2002 and December 2004 respectively. He has been appointed as independent director since April 2011. Mr. Donck is a director of several other companies, the majority of which are privately held. His principal directorship is 3D NV, where he has served as a Managing Director since 1992. He also serves as chairman of the board of Atenor Group NV and as a member of the board of directors of KBC Group 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.

Alex Brabers, Independent Director

Alex Brabers has served as a director of Telenet Group Holding and Telenet NV since 2002 and 1998 respectively. He has been appointed as independent director since April 2011. Mr. Brabers is Executive Vice President Technology 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 board positions at several companies in which GIMV has invested.

Michel Delloye, Independent Director (representing Cytindus NV)

Michel Delloye is the permanent representative of Cytindus NV, a management and consulting company that serves as an independent director of Telenet Group Holding since 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 at EVS Broadcast Equipment NV until May 18, 2010 and since July 1, 2010 he serves as Chairman of the Board at Compagnie du Bois Sauvage SA. He also serves on the boards of directors of, among other companies, Brederode NV, Matexi Group NV and Mediaxim NV. Mr. Delloye obtained a law degree from the Université Catholique de Louvain.

Julien De Wilde, Independent Director (representing De Wilde J. Management BVBA)

Julien De Wilde has served as an independent director of Telenet Group Holding since May 2004. In 2007, he resigned and was replaced by De Wilde J. Management BVBA, which he permanently represents. 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. Mr. De Wilde was also Managing Director of the Bekaert Group. Currently he serves as Chairman of the Board at Nyrstar NV and Agfa Gevaert Group. He holds a directorship at KBC Bank NV.

Friso van Oranje-Nassau, Independent Director

Friso van Oranje-Nassau has served as an independent director of Telenet Group Holding since September 2004. From 1998 to 2003, Mr. van Oranje 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. Mr. van Oranje is currently CFO designate of the Urenco group, an energy technology and services company operating in the nuclear fuel supply chain. He also serves as a director of Wizzair Limited, a leading Eastern European low-cost airline.

Duco Sickinghe, Chief Executive Officer and Managing director

For the biography of Mr. Sickinghe, we refer to the section on Senior Management of these Listing Particulars.

Charles Bracken, Director

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

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

Balan Nair, Director

Balan Nair is an 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 LGI, 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 Austar United Communications Limited, an Australian public company and a subsidiary of LGI, and Adtran Inc., a U.S. 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.

Manuel Kohnstamm, Director

Mr Kohnstamm has been with Liberty Global Europe Holding BV and its predecessors since 2000 and has held positions in corporate affairs, public policy and communications. Currently, he is responsible for government affairs, external relations and communications for LGI in Europe, based in Amsterdam and Brussels. He is Member of the Board 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.

Ruth Pirie, Director

Ruth 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, Ms. Pirie was the Co-Principal Accounting Officer of UnitedGlobalCom Inc., then a U.S. publicly traded company which subsequently became a subsidiary of LGI. Previously, Ms. 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.

Angela McMullen, Director

Angela 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 (Hons) in Economics and is a member of the Institute of Chartered Accountants in England & Wales. Mrs. McMullen is a non executive director for DFID (Department for International Development), where she sits on the Investment Committee.

Jim Ryan, Director

Jim 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 Europe Operations.

Votes of the Boards of Directors

General

In principal, the Telenet Board of Directors and Telenet NV Board of Directors take their decisions by simple majority of the directors present or duly represented. For votes on certain matters, however, the Telenet Articles of Association impose special voting requirements, consisting of affirmative votes by certain directors. Changes to certain guarantees to the MICs on (i) price and content of the basic cable television package, (ii) the quality and the speed of the roll-out obligations for the digital platform, and (iii) provision of public services which utilize new technologies to local public administrations at cost price (the "Public Interest Guarantees") require the approval of the majority of the ten Class A directors on Telenet's Regulatory Board. See "*—Regulatory Board*".

Compensation

The general meeting of shareholders of Telenet Group Holding approved the remuneration principles of the non-executive directors in its meetings of May 31, 2007 and April 28, 2010. Each director's remuneration consists of a fixed and a variable part. All directors, except the Chief Executive Officer and the directors appointed upon nomination of the Liberty Global Consortium, receive an annual lump sum amount of €30,000 each. The chairman of the Telenet Board of Directors receives €60,000 per annum. For each physically attended meeting of the Telenet Board of Directors, these directors receive an amount of €2,500. The directors appointed upon nomination of the Liberty Global Consortium, receive an annual lump sum amount of €12,000 each. For each physically attended meeting of the Telenet Board of Directors, they receive an amount of €2,000. The annual lump sum amounts are only due if the director attends at least half of the scheduled board meetings. No additional remuneration is attributed for board committee meetings. In principle no additional remuneration is paid to the directors by other companies of the Telenet Group. The CEO is not remunerated for the exercise of his board mandate.

For the year 2011, the aggregate remuneration of the members of the board of directors amounted to €413,500 for Telenet Group Holding.

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

Non-executive board members do not receive (i) variable remuneration within the meaning of the Belgian Law of April 6, 2010 nor (ii) any profit related incentives, option rights, shares or other fees.

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

Board Committees

The articles of association of Telenet Group Holding NV provide that the board of directors of the Company must install an Audit Committee, a Remuneration Committee, a Strategic Committee and a Nomination Committee (being understood that the Remuneration Committee and the Nomination Committee can converge into one and the same committee). The board of directors of each company may establish other committees in its own discretion. These committees are solely advisory bodies. They do not have the power to take binding decisions for Telenet Group Holding.

Audit Committee

The Audit Committee is a committee of the Telenet Board of Directors, composed of certain board members who do not have any operational responsibility in the Telenet Group. The principal tasks of the Audit Committee include regularly convening to assist and advise the Telenet Board of Directors with respect to the monitoring of the financial reporting by Telenet Group Holding and its subsidiaries, the monitoring of the effectiveness of the systems for internal control and risk management of Telenet Group Holding and Telenet NV, 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 Telenet Group Holding and Telenet NV. The Audit Committee also meets at least once a year with the external auditor in the absence of the executive management.

The Audit Committee is composed of four members including three independent directors of Telenet Group Holding. All members are non-executive directors of whom one is the chairman. One member is a director nominated by the Liberty Global Consortium. This composition conforms to article 526 bis §1 of the Belgian Company Code regarding the composition of Audit Committees within listed companies, as introduced in December 2008. Michel Delloye (representing Cytindus NV) serves as independent director on the Audit Committee and has a broad experience in accounting, auditing and financial matters. In addition, all other members contribute broad experience and skills regarding financial items, which have a positive impact on the Committee's operation.

Telenet Group Holding has established a whistle blowing procedure, which has been reviewed by the Audit Committee and approved by the Telenet Board of Directors. Telenet Group Holding implemented the whistle blowing procedure in December 2008. This policy allows employees of Telenet Group Holding 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 they want to do so. Complaints received trough the telephone line or reporting website are handled by Telenet Group Holding'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 Telenet Board of Directors after each meeting and presents the recommendations of the Audit Committee to the Telenet Board of Directors for decision-making.

The members of the Audit Committee as of the date of the Offering Memorandum were: Alex Brabers, Chairman; Michel Delloye (as permanent representative of Cytindus NV), Friso van Oranje and Charles Bracken.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is a committee of the Telenet Board of Directors, serving as Remuneration & Nomination Committee for Telenet Group Holding. Members of this committee do not have any operational responsibility in the Telenet Group.

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 (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 Telenet Group Holding. The chairman of the Telenet Board of Directors also serves as chairman of the Remuneration & Nomination Committee.

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

Strategy & Sustainability Committee

The Strategy & Sustainability Committee of Telenet Group Holding is a committee of the Telenet Board of Directors, which meets from time to time with the Chief Executive Officer to review the general strategy of Telenet Group Holding and its subsidiaries.

Given the increasing impact and importance of '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 will be joined with the Strategic Committee, which has been renamed to the "Strategy & Sustainability Committee".

The Committee is chaired by a director nominated by the Liberty Global Consortium and is further composed of one other director nominated by the Liberty Global Consortium and three independent directors of Telenet Group Holding. All members are non-executive directors.

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

The members of the Strategy & Sustainability Committee as of the date of the Offering Memorandum were: Charles Bracken, Chairman; Jim Ryan, Julien De Wilde (as representative of De Wilde J. Management BVBA); Alex Brabers and Michel Delloye (as permanent representative of Cytindus NV). The meetings are also attended by the chairman of the Telenet Board of Directors.

Regulatory Board

The Regulatory Board oversees the compliance of Telenet's group with the Public Interest Guarantees, which relate to its offering of digital television. The Regulatory Board consists of ten Class A directors and ten Class B directors. The Class A directors are appointed by the holders of Telenet's Golden Shares, and must include the members of the Telenet Board of Directors appointed upon joint nomination by Electrabel and the MICs. The Class B directors are nominated by the Telenet Board of Directors. All decisions of the Regulatory Board may only be taken by a majority of each of the Class A directors and Class B directors voting as a separate class.

Corporate Governance Charter

The Corporate Governance Charter of Telenet Group Holding has been updated by the Telenet Board of Directors on July 31, 2009, following the publication of the Belgian Corporate Governance Code 2009 on March 12, 2009, and on July 29, 2010 and July 28, 2011, following certain internal reorganizations within the Telenet Group, and can be viewed on the investors website of Telenet Group Holding (http://investors.telenet.be).

Senior Management

Following a reorganization in June 2012, Telenet's executive management team consists of the following individuals (including year of birth):

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
Inge Smidts	1977	Senior Vice President—Residential Marketing
Herbert Vanhove	1969	Senior Vice President—Mobile Development
Martine Tempels	1961	Senior Vice President—Telenet for Business
Ann Caluwaerts	1966	Senior Vice President—Public Affairs & Media Management
Luc Machtelinckx	1962	Executive Vice President and General Counsel
Claudia Poels	1967	Senior Vice President—Human Resources
Vincent Bruyneel	1975	Senior Vice President—Strategy, Investor Relations & Corporate Communication

Duco Sickinghe, Chief Executive Officer and Managing Director

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 NV 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).

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 MICs, Canal+ Flanders, Codenet, UPC Belgium, the acquisition of the analog and digital television customer base of PICs and long-term leasing rights on their cable network, and in 2009 the acquisition of 65 BelCompany shops. The most significant financings he was involved in, were Telenet Group Holding's public note issues in 2003, the initial public offering in 2005 and various refinancings of Telenet's Senior Credit Facility, including the additional facilities thereunder that were financed by the proceeds of the public bond issues by Telenet Finance Luxembourg and Telenet Finance Luxembourg II in 2010 and by Telenet Finance III Luxembourg in February 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.

Luc Machtelinckx, Executive Vice President and 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 MICs, 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 years at BASF Antwerp as Legal Manager and as Communication Manager.

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 January 2008, Mr. Vorstermans assumed additional responsibilities for Telenet Solutions, the business-to-business unit within the group. On October 10, 2010, he became the Telenet Group's Chief Operating Officer. 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.

Patrick Vincent, Chief Commercial Officer

Patrick Vincent joined Telenet in September 2004. He is currently Chief Commercial Officer, and until recently was Executive Vice President—Residential Sales and Care. 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.

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, Ms. 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. Ms. Smidts holds a Master's of Economics degree from UFSIA in Antwerp and an MBA in Marketing from the IAE in Aix-en-Provence.

Herbert Vanhove, Senior Vice President—Mobile Development

Herbert Vanhove joined the Telenet Group in March 2010 and was responsible for product management for the residential segment reporting to the Executive Vice President Residential Marketing until he joined the Executive Team in October 2010 as Senior Vice President Product Management. In June 2012, Mr. Vanhove became responsible for the development of the Company's mobile activities. Prior to joining the Telenet Group, Mr. Vanhove held several management positions at Qualcomm including Vice President and General Manager of Qualcomm's European Internet Services and 3G ASIC product line based in San Diego, USA. Prior to joining Qualcomm, Mr. Vanhove was product manager for S12 switching systems at Alcatel Bell (now Alcatel-Lucent) in Belgium. Mr. Vanhove holds a Master of Science in Electrical Engineering from the University of Leuven and an MBA from San Diego State University.

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. Ms. Tempels started her career as Account Manager at NCR. In 1996, Ms. 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, Ms. Tempels was appointed Application Service Executive for the Northern and Central Region EMEA. Ms. Tempels holds a Master's in Business and Economics from Vrije Universiteit Brussel.

Ann Caluwaerts, Senior Vice President—Public Affairs & Media Management

Ann Caluwaerts joined the Executive Team of the Telenet Group as of April 1, 2011, as Senior Vice President Public Affairs & Media Management. 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.

Claudia Poels, Senior Vice President—Human Resources

Claudia Poels joined the Telenet Group in May 2008 as Vice President—Human Resources. In June 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.

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.

PRINCIPAL SHAREHOLDERS OF TELENET

The following chart identifies the principal and other holders of Telenet Group Holding's shares, as of August 6, 2012.

Name of shareholder	Number of Shares	Percentage of Shares[1]
Liberty Global Consortium[1]	56,844,400[2]	50.04%
BNP Paribas Investment Partners SA[3]	5,592,018	4.92%
Norges Bank[4]	4,695,152	4.13%
AXA S.A.[5]	3,791,020	3.34%
BlackRock Inc [6]	3,400,143	2.99%
Registered shares held by employees	359,141	0.32%
Own shares[7]	832,136	0.73%
Public[8]	38,079,677	33.52%
Total	**113,593,687**	**100.0%**

(1) All shares of Telenet Group Holding held by Liberty Global Consortium are currently held by Binan Investments B.V.

(2) This number includes 94,827 Liquidation Dispreference Shares; "Liquidation Dispreference Shares" are shares owned by Interkabel and the Liberty Global Consortium and which are subject to a liquidation dispreferential treatment in the case of a liquidation of Telenet Group Holding, and which can be converted into ordinary shares on the basis of a 1.04-for-1 ratio. The Liquidation Dispreference Shares are otherwise identical to and participate in the capital in the same manner as the ordinary shares, and are included in the 113,593,687 aggregate number of outstanding shares of Telenet Group Holding.

(3) BNP Paribas Investment Partners SA last notified Telenet Group Holding of its interest in the shares of Telenet Group Holding on July 14, 2011. BNP Paribas Investment Partners SA is an affiliate of BNP Paribas, an Initial Purchaser of the Notes.

(4) Norges Bank last updated Telenet Group Holding of its interest in the shares of Telenet Group Holding NV as of April 25, 2012.

(5) AXA S.A. last updated Telenet Group Holding of its interest in the shares of Telenet Group Holding on February 3, 2012.

(6) BlackRock Inc. last updated Telenet Group Holding of its interest in the shares of Telenet Group Holding on August 3, 2012.

(7) Telenet Group Holding disclosed that it held 868,936 shares of Telenet Group Holding, equivalent to 0.76% of the total number of outstanding shares, on August 10, 2012.

(8) This number includes 30 Golden Shares and 16 Liquidation Dispreference Shares. "Golden Shares" are shares held by each of the MICs offering them certain additional governance rights in order to supervise certain Telenet guarantees given to the MICs on provision of services, the Public Interest Guarantees; "Liquidation Dispreference Shares" are shares owned by Interkabel and the Liberty Global Consortium and which are subject to a liquidation dispreferential treatment in the case of a liquidation of Telenet Group Holding, and which can be converted into ordinary shares on the basis of a 1.04-for-1 ratio. The Golden Shares and Liquidation Dispreference Shares are otherwise identical to and participate in the capital in the same manner as the ordinary shares, and are included in the 113,593,687 aggregate number of outstanding shares of Telenet Group Holding.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS OF TELENET

Conflicts of Interest

Except as disclosed in these Listing Particulars, there are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of Telenet Group Holding towards Telenet Group Holding and their private interests and/or other duties.

DESCRIPTION OF TELENET INTERNATIONAL FINANCE

Incorporation

Telenet International Finance was incorporated under the name of Telenet International Finance S.A. as a public limited liability company, *société anonyme*, incorporated under the laws of Luxembourg on August 17, 2010. As of November 10, 2010, Telenet International Finance changed its legal form from a Luxembourg *société anonyme* to a Luxembourg private limited liability company (*société à responsabilité limitée*). The registered office of Telenet International Finance is at 2, rue Peternelchen, L-2370 Howald, Luxembourg. Telenet International Finance is registered with the Luxembourg Trade and Companies Register under number RCS B-155.066. The telephone number of Telenet International Finance is + 352 268 47095.

Business

Telenet International Finance was incorporated to be the financial center of the Telenet Group's financial operating activities. Its corporate purposes are set out in article 3 of its articles of association, which include the acquisition of participations, in Luxembourg or abroad, in any form whatsoever, and the management of those participations. Telenet International Finance may, in particular:

- acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity;
- participate in the creation, development, management and control of any company or enterprise;
- invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin;
- borrow in any form, issue notes, bonds and any kind of debt and equity securities;
- lend funds, including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies;
- give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person (for the avoidance of doubt, Telenet may not carry out any regulated financial sector activities without having obtained the requisite authorization);
- use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks; and
- carry out any commercial, financial or industrial operation and any transaction with respect to real estate or movable property, which directly or indirectly, favors or relates to its corporate object.

See also "*Summary Corporate and Financing Structure*", "*Summary Condensed Consolidated Historical Financial and Other Data of Telenet*", "*Description of Telenet's Business*", "*Industry and Market Overview*", "*Management and Governance of Telenet*", "*Principal Shareholders of Telenet*" and "*Certain Relationships and Related Party Transactions of Telenet*", for further information in respect of the Telenet Group as a whole.

Telenet International Finance is the borrower of the Finco Loans made by the Issuer in connection with the offering of the Notes. The payments made by Telenet International Finance to the Issuer under the Finco Loans will service the payment obligations of the Issuer under the Notes. The Notes were offered by the Issuer on a limited recourse basis. The Noteholders will not have a direct claim against the cash flow or assets of Telenet International Finance, or any member of the Telenet Group, and no member of the Telenet Group will have any direct obligation to holders of the Notes to pay amounts due under the Notes.

The Finco Loans will be made by the Issuer to Telenet International Finance pursuant to the existing Senior Credit Facility of the Telenet Group, to which the Issuer will accede as an additional lender under the Facility U Accession Agreement and the Facility V Accession Agreement. Each of the Finco Loans will be effected by an additional tranche under the Senior Credit Facility (Facility U and Facility V), and their terms will be documented in the Facility U Accession Agreement and the Facility V Accession Agreement, respectively. Each of Telenet International Finance and Telenet NV act as a Facility Agreement Obligor in respect of the Senior Credit Facility, each acting in the capacity of borrower and guarantor under the Senior Credit Facility. Telenet NV will accordingly guarantee the repayment obligations of Telenet International Finance under the Finco Loans, and the Finco Loans will rank pari passu with the other term loans and revolving loans under the Senior Credit Facility.

The Finco Loans will be secured by the same security interests under the Senior Credit Facility, which comprises security over substantially all of the material assets of the Telenet Group. Accordingly, holders of the Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as lender under the Senior Credit Facility, including the indirect benefit of the covenants contained in the Senior Credit Facility and the security granted for the benefit of the lenders.

Each of Telenet International Finance and Telenet NV also has certain obligations to the Issuer in respect of the Notes under the Related Agreements. See "*Description of the Senior Credit Facility and the Related Agreements—Description of the Related Agreements*".

Since the date of its incorporation, Telenet International Finance is not and has not been involved in any governmental, legal or arbitration proceedings that may have, or have had in the recent past, a significant effect on Telenet International Finance's financial position or profitability, nor is Telenet International Finance aware that any such proceedings are pending or threatened.

Financial Information

The financial information of Telenet International Finance is consolidated within the financial statements of Telenet Group Holding, and Telenet International Finance will not publish stand-alone financial information.

Significant Changes in Telenet International Finance's Financial Position in 2012

On February 8, 2012, Telenet announced the issuance of €175.0 million debt, on a consolidated basis. To this end, on February 17, 2012, Telenet International Finance issued to BNP Paribas S.A. a new floating rate Term Loan ("Facility T") under Telenet's Senior Credit Facility with maturity December 31, 2018 at a 3.50% margin over Euribor. Telenet used the net proceeds from this new debt issuance to buy a portion of the Q and R Facilities issued by Telenet International Finance and held by BNP Paribas Bank N.V. and Fortis Bank SA/NV.

On February 29, 2012, Telenet entered into two additional facility accession agreements, the Additional Facility Q2 Accession Agreement (the Q2 Accession Agreement) and the Additional Facility R2 Accession Agreement (the R2 Accession Agreement) under the Senior Credit Facility. Pursuant to the Q2 Accession Agreement and the R2 Accession Agreement, BNP Paribas Bank N.V. and Fortis Bank SA/NV, as existing Lenders, agreed to provide new Term Loan facilities in an aggregate principal amount of €74.0 million (Term Loan Q2) and €50.0 million (Term Loan R2), respectively. Term Loan Q2 and Term Loan R2 are available to be drawn on August 31, 2012 only.

The table below shows the term loan structure prior to the issuance of the Telenet Finance V Luxembourg Notes and entry by Telenet International Finance into the Finco Loans. See "*Description of the Senior Credit Facility and the Related Agreements—Changes during 2012*":

	Post issuance of Term Loan T by Telenet International Finance		
Facility	Amount in EUR millions	Maturity	Interest %
Borrower: Telenet International Finance			
Term Loan M	500.0	November 2020	6.375%
Term Loan N	100.0	November 2016	5.30%
Term Loan O	300.0	February 2021	6.625%
Term Loan P	400.0	June 2021	3.875%(1)
Term Loan Q	357.0	July 2017	3.25%(1)
Term Loan Q2 (undrawn)	74.0	July 2017	3.25%(1)(2)
Term Loan R	748.6	July 2019	3.625%(1)
Term Loan R2 (undrawn)	50.0	July 2019	3.625%(1)(2)
Term Loan T	175.0	December 2018	3.50%(1)
Revolving Facility (undrawn)	158.0	December 2016	2.75%(1)(2)
Total Facility	**2,862.6**	**8.4 years(3)**	**4.84%(3)**

(1) Represents % margin over EURIBOR.

(2) The Revolving Facility can be drawn by Telenet International Finance. Term Loan Q2 and Term Loan R2 will be drawn by Telenet International Finance in connection with the August 2012 Capital Reduction.

(3) Represents a weighted average that excludes Telenet's Revolving Facility and Term Loan Q2 and R2, which are fully undrawn at present, calculated on the basis of one-month EURIBOR as of June 30, 2012 (0.376%) and three-month EURIBOR as of June 15, 2012 (0.661%).

Management

Telenet International Finance is managed by a board of managers, which must consist of two class A managers and two class B managers. The managers at present are as follows:

- Mr. Renaat Berckmoes (A manager);
- Mr. Luc Machtelinckx (A manager);
- Mr. Magnus Nils Ternsjö (B manager);
- Mr. Michael Robert Lee (B manager); and
- Mr. Michal Kristufek (B manager).

The A managers are appointed for an unlimited period of time. The B managers are appointed for a period ending on July 15, 2014.

The brief professional biographies of the members of the board of managers of Telenet International Finance are as follows:

Renaat Berckmoes

See "*Management and Corporate Governance—Senior Management*".

Luc Machtelinckx

See "*Management and Corporate Governance—Senior Management*".

Magnus Nils Ternsjö

Magnus Nils Ternsjö is the Managing Director of UPC Broadband's DTH business, a premium Central European DTH operator covering four countries, notably Hungary, Czech Republic, Slovakia and Romania. UPC Broadband (UPC) is the European division of Liberty Global, Inc., the world's leading international cable operator. During the last twenty years, Mr. Ternsjö has been active in the Pay TV business sector in several European countries, working for companies such as Nethold, Canal+ and UPC. Mr. Ternsjö holds a Master of Science degree in Industrial Engineering and Management.

Michael Robert Lee

Michael Robert Lee has around 30 years of relevant experience in financial and management accounting. Since May 2010, Mr. Lee holds the position of Chief Financial Officer at UPC DTH S.à.r.l.. UPC DTH S.à.r.l. is part of UPC Broadband, the European division of Liberty Global, Inc., and is a high quality provider of satellite television services with operations in Hungary, the Czech Republic, Slovakia and Romania. Prior, Mr. Lee was Chief Financial Officer at UPC Broadband France from September 2006 until May 2010, and he has held various leading positions at Liberty Global Europe as Group Controller and Director Planning and Analysis. Mr. Lee holds a B.A. (Hons) Economics & Politics degree from the University of East Anglia (Norwich, UK).

Michal Kristufek

Michal Kristufek started his career in 1998 as university teacher at the Law Faculty of Comenius University in Slovakia, lecturing intellectual property rights. In 2000, he moved on to UPC Slovakia, a cable TV company and an affiliate of group of companies known as UPC that later became a group with Liberty Global, Inc., as a parent company. Mr. Kristufek started his tenure in UPC Slovakia as lawyer and regulatory affairs manager and in 2002 Mr. Kristufek become General Counsel of UPC Slovakia and subsequently build and developed the legal department of this company. Mr. Kristufek was promoted within LGI group of companies to a position of General Counsel of UPC DTH based in Luxembourg, where he helped establish UPC DTH as a startup company that has acquired DTH business line from local UPC cable companies. Mr. Kristufek is responsible for all legal and regulatory affairs, including all its operating territories (Slovakia, Czech Republic, Hungary).

Telenet International Finance is unaware of any conflicts of interest between the duties that any manager owes to Telenet International Finance and such manager's private interests or other duties.

Share Capital

Telenet International Finance has a share capital of €2,031,000 comprising 1,000 shares without par value, each being fully paid up. All of the issued shares of Telenet International Finance are held by Telenet NV. See "*Description of Telenet NV*" for further details of Telenet NV.

DESCRIPTION OF TELENET NV

Incorporation

Telenet NV is a public limited liability company (*naamloze vennootschap/société anonyme*) organized and existing under the laws of Belgium. Telenet NV was incorporated pursuant to the laws of Belgium on December 1, 2000 for an indefinite period of time. Its registered office is located at Liersesteenweg 4, 2800 Mechelen, Belgium. Telenet NV is registered with the register of enterprises of Belgium under number 0473.416.418 (*RPR* (*Register of Legal Entities*) *Mechelen*). The telephone number of Telenet NV is +32 15 333 000.

Business

Telenet NV is the principal operating company of the Telenet Group. See "*Summary Corporate and Financing Structure*", "*Summary Condensed Consolidated Historical Financial And Other Data Of Telenet*", "*Description of Telenet's Business*", "*Industry and Market Overview*", "*Principal Shareholders of Telenet*" "*Management and Governance of Telenet"* and "*Certain Relationships And Related Party Transactions of Telenet*", for further information in respect of Telenet NV and the Telenet Group as a whole. On the basis that Telenet Group Holding's principle assets comprise its shares in Telenet NV, where information contained in these Listing Particulars refers to the activities of "Telenet" and "the Telenet Group", including but not limited to the sections of these Listing Particulars titled "*Risk Factors*", "*Description of Telenet's Business*" and "*Industry and Market Overview*", these may be read to relate more specifically to the activities of Telenet NV and its operating subsidiaries.

Telenet NV's corporate purposes are set out in article 4 of its articles of association, which include:

- to conceive, develop, establish, secure, adapt, maintain, supply, manufacture and operate existing and new cable networks, wholly or partially, for fixed networks as well as mobile or satellite networks and a terrestrial (broadcasting) network. These telecommunication networks are considered in the broadest sense of the word, including, but not limited to, telephony;
- to conceive, develop, establish, secure, adapt, maintain, supply, manufacture and operate existing and new integral or mixed mobile and fixed (whether electronic or not) communication systems, networks, infrastructures, transmission installations and broadcasting services;
- to render all services on these or other networks, systems, infrastructures or installations, both to intermediaries and end-users, whether private individuals, public authorities or businesses; both to closed user groups and to the public or to other interested users of telecommunication services. These telecommunication networks are considered in the broadest sense of the word, including, but not limited to, telephony and (whether or not electronic) communication services;
- to develop, gather, structure, secure, manage and exploit multimedia data and other information, be it data, text, graphics, sound or a combination thereof;
- to prepare and offer, in analog and/or digital format, pay and free-to-air (television or radio) broadcasting services and programs or other content;
- the distribution and delivery of information and communication signals, including branching off, provision and delivery of audiovisual and television signals and the exploitation of a cable television network in Belgian territory and possibly outside such territory;
- the transport of information and communication signals, including digital, audiovisual and television signals;
- the installation, maintenance and operation of systems for bi-directional communication and any applications thereof that are in accordance with applicable law;
- all activities in relation to internet, all internet applications, including especially the development, design, creation and exploitation of websites for its own account or for the account of third parties, both for business clients as for individuals, the e-commerce and delivery of all services concerning the preceeding;
- the registration of domain names;
- computer advice, including amongst others advising about computer types (hardware) and their configuration and application of related programs (software); the preparation of studies, the preparation and start-up of informatica projects, the start-up of systems for data processing, the activities of system integrators;

- the realization of (software) programs and ready for use systems, including amongst others the analysis, conception, programming and possibly the distribution of ready for use systems, including systems for automatic data identification; the development, production, delivery/configuration of documentation about standard of specialized programs; advising in relation to informatica programs; assistance with the application of programs and the development of highly qualified software products and the commercializing thereof, including the distribution of licenses and rights relating to software;
- the import and export, wholesale and retail trade, purchase and sale, rent, installation, repair and maintenance of all telecommunication instruments, -equipment and networks, including all telephone sets and facsimile machines, GSM terminals, switchboards, all transmitting- and receiving equipment, all integrated telephony informatica systems for personal communication in business environment, all computers, hard- and software products including those relating to M-commerce (electronic trade for the mobile user) and e-commerce, and all accessories of the aforementioned machines and instruments, in the most extensive wording;
- all activities in relation to the exploitation of a datacenter, including amongst others the provision of fysical servers, the offering of virtualisation and cloud computing, colocation of servers, including security packages;
- to conceive, develop, establish, manage and operate radio, television or other broadcasters, broadcasting programs, broadcasters, services and/or programs and the production of non linear television services, whether or not in a digital way, through any kind of transmission and/or through any kind of broadcasting or communication network, both pay and free-to-air, for the general audience and specific target groups, on specific and general themes, for specific and general purposes (including entertainment, news spreading, teleshopping or any other possible purpose), as well as all activities in relation thereto, including without limitation:
- attracting publicity and sponsorship, management of intellectual rights, production and sale and purchase of formats and programs, information services, and sale and purchase and lease of technical and facilitating equipment,
- conceiving, establishing, managing and operating applications, derivations, products and services including interactive applications, products and services, and derivations of programs or other content distributed through the aforementioned network systems or infrastructures, through every possible medium and every possible broadcasting and communications network, and
- the publication, distribution and exploitation of copyright protected acts and performances, the organization of cultural and entertainment activities and the professional management of artistic matters;
- to realize all possible applications of the infrastructures (installations, core and distribution networks) that relate directly to the aforementioned activities;
- the management and exploitation of, and the ensuring of all services for, for its own account or for the account of its shareholders, the aforementioned installations, core and distribution networks;
- to acquire by means of subscription, contribution, merger, co-operation, financial intervention or in any other way, an interest or a participation in all companies, businesses, enterprises and associations, whether already existing or still to be incorporated, without any distinction, both in Belgium and abroad;
- to manage, increase the value of, and liquidate such participations or interests;
- to directly or indirectly participate in the management, administration, supervision and liquidation of the enterprises, companies, business activities or associations in which it holds a participation or an interest; and
- to advise and assist in any field of the conduct of business, the management and the direction of the enterprises, companies, business activities or associations in which it holds an interest or a participation, and in general to undertake all actions that wholly or partially, directly or indirectly, belong to the activities of a holding company.

Telenet NV may additionally take all technical, economic, social, intellectual, organizational, civil, commercial, industrial, financial, tangible and intangible actions that are directly or indirectly related to or useful to accomplish the corporate purposes described above. Telenet NV can guarantee and provide security interests for affiliates and non-affiliates.

Telenet NV is a Facility Agreement Obligor, being a borrower and guarantor under the Senior Credit Facility, which includes the guarantee of Telenet International Finance's repayment obligations under the Finco Loans. See "*Description of the Senior Credit Facility and the Related Agreements*". Each of Telenet NV and Telenet International Finance also has certain obligations to the Issuer in respect of the Notes under the Related Agreements. The Notes were offered by the Issuer to Noteholders on a limited recourse basis and the Noteholders will not have a direct claim against the cash flow or assets of Telenet NV, or any other member of the Telenet Group, and no member of the Telenet Group will have any direct obligation to any Noteholder to pay amounts due under the Notes.

Financial Information

Telenet NV is not required by Belgian law to prepare consolidated financial statements in accordance with IFRS. It does however prepare, on an annual basis, statutory financial statements in accordance with the financial reporting framework and company law applicable in Belgium. Pursuant to the financial reporting framework applicable in Belgium, Telenet NV is exempt from preparing consolidated financial statements in accordance with the generally accepted accounting principles in Belgium ("Belgian GAAP"), on the basis that Telenet NV, together with its subsidiaries, is included in the consolidated financial statements of Telenet Group Holding. See "*Summary Condensed Consolidated Historical Financial And Other Data Of Telenet*", for financial information relating to the Telenet Group taken as whole, and "Group Structure" for a description of the corporate structure of the Telenet Group as a whole and an indication of the consolidation of Telenet Group Holding's subsidiaries for the purposes of the Telenet Group Financial Statements.

The statutory auditors of Telenet NV are KPMG Bedrijfsrevisoren CVBA, located at Bourgetlaan 40, 1130 Brussels, Belgium. KPMG Bedrijfsrevisoren CVBA is a member of the Belgian Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises.

Management

Telenet NV's board of directors comprises 5 directors, being Charles Bracken, Jim Ryan, Ruth Pirie, Frank Donck and Duco Sickinghe. All directors of Telenet NV are also director in Telenet Group Holding NV. See "*Management and Governance*".

Share Capital

The share capital of Telenet NV at the date of the Offering Memorandum is €443,414,620.37, divided into 36,117,708 fully paid-up shares with no par value (*nominale waarde/valeur nominale*) and each representing a *pro rata* portion of the share capital. All shares of Telenet NV are owned by Telenet Group Holding, except one share which is owned by Telenet International Finance. Telenet Group Holding is a public limited liability company (*naamloze vennootschap/société anonyme*) organized and existing under the laws of Belgium. Telenet Group Holding was incorporated pursuant to the laws of Belgium on June 3, 2002 for an indefinite period of time. Its registered office is located at Liersesteenweg 4, 2800 Mechelen, Belgium. Telenet Group Holding is registered with the register of enterprises of Belgium under number 0477.702.333 (*RPR (Register of Legal Entities) Mechelen*). Telenet Group Holding is the holding company of the Telenet Group. See "*Principal Shareholders*" for information in relation to the shareholders of the Telenet Group.

DESCRIPTION OF THE SENIOR CREDIT FACILITY AND THE RELATED AGREEMENTS

The following contains a summary of the material provisions of the Senior Credit Facility, the Facility U Accession Agreement (together the Senior Credit Facility) and the Related Agreements. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in these agreements, and the Issuer has not included all of such definitions herein.

Senior Credit Facility

Overview

On August 1, 2007, Telenet NV, BNP Paribas (subsequently replaced by Toronto Dominion (Texas) LLC and thereafter replaced by The Bank of Nova Scotia), as facility agent, KBC Bank NV, as security agent, the other financial institutions thereto and certain others entered into an agreement of up to €2,300,000,000 credit facilities (as amended, amended and restated or otherwise modified from time to time, the "Senior Credit Agreement"). A copy of the Senior Credit Agreement is set forth as Annex A to these Listing Particulars.

Pursuant to the Senior Credit Agreement, The Bank of Nova Scotia as facility agent, and a number of banks and financial institutions, have agreed to make available to the Borrowers (as defined below) certain term and revolving loans, as well as certain additional facilities, from time to time, by procuring additional lenders to accede to the Senior Credit Facility and to make available such term and revolving loans by way of additional facilities. Telenet NV and certain of its subsidiaries are guarantors under the Senior Credit Facility.

The Senior Credit Agreement

Telenet NV and Telenet International Finance are borrowers under the Senior Credit Facility (the "Borrowers") and guarantors under the Senior Credit Agreement. The details of borrowings under the Senior Credit Agreement as of the date of the Offering Memorandum (and prior to the application of proceeds of the Finco Loans) are summarized in the following table:

Facility	As of the date of the Offering Memorandum Amount in EUR millions	Maturity	Interest %
Borrower: Telenet International Finance			
Term Loan M	500.0	November 2020	6.375%
Term Loan N	100.0	November 2016	5.30%
Term Loan O	300.0	February 2021	6.625%
Term Loan P	400.0	June 2021	3.875%(1)
Term Loan Q	357.0	July 2017	3.25%(1)
Term Loan Q2 (undrawn)	74.0	July 2017	3.25%(1)(2)
Term Loan R	748.6	July 2019	3.625%(1)
Term Loan R2 (undrawn)	50.0	July 2019	3.625%(1)(2)
Term Loan T	175.0	December 2018	3.50%(1)
Revolving Facility (undrawn)	158.0	December 2016	2.75%(1)(2)
Total Facility	**2,862.6**	**8.4 years(3)**	**4.84%(3)**

(1) Represents % margin over EURIBOR.

(2) The Revolving Facility can be drawn by Telenet International Finance. Term Loan Q2 and Term Loan R2 will be drawn by Telenet International Finance in connection with the August 2012 Capital Reduction.

(3) Represents a weighted average that excludes Telenet's Revolving Facility and Term Loan Q2 and R2, which are fully undrawn at present, calculated on the basis of one-month EURIBOR as of June 30, 2012 (0.376%) and three-month EURIBOR as of June 15, 2012 (0.661%).

Interest Rates

Under the Senior Credit Agreement, the rate of interest for each interest period in respect of each facility (except for Term Loan M, Term Loan N and Term Loan O which have a fixed rate) is the percentage rate per annum equal to the aggregate of a margin, EURIBOR (or, although no such Loans are currently in existence, in relation to any loan drawn under any facility in U.S. dollars, LIBOR) and any mandatory cost.

Interest accrues daily from and including the first day of an interest period and is payable on the last day of the applicable interest period if such interest period is longer than six months, at six monthly intervals from the first day of that interest period, and is calculated on the basis of a 360-day year.

Guarantees and Security

Telenet NV and Telenet International Finance guarantee the obligations of the Obligors under the Senior Credit Agreement (subject to certain specified guarantee limitations, including, but not limited to, the exclusion of liability to the extent that such guarantee would constitute unlawful financial assistance under applicable law). In addition, the Senior Credit Agreement requires that additional members of the Group, as defined below, become guarantors under the Senior Credit Agreement, (a) in the event that they become "Material Subsidiaries", as defined below, or (b) where necessary in order to ensure that the aggregate EBITDA, gross assets or turnover, of all borrowers and guarantors under the Senior Credit Agreement (Obligors) (on an unconsolidated basis and excluding intra group items) equal or exceed, respectively, 85% of the consolidated EBITDA, consolidated gross assets or consolidated turnover (as appropriate) of Telenet NV (excluding intra group items).

Security has been granted in respect of the indebtedness under the Senior Credit Agreement by all members of the Telenet Group (except for C-CURE NV, T-VGAS NV, Telenet Mobile NV, Telenet Tecteo Bidco NV, Telenet Service Center NV, Telenet Solutions Luxembourg S.A., Telenet Luxembourg Finance Center S.à r.l. and Finance Center Telenet S.à r.l.) over substantially all their assets. Such security includes:

(a) share pledges given in respect of all the shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance;

(b) non-joined (non-cumulative) mortgages granted by Telenet NV and Telenet Vlaanderen NV;

(c) non-exercised mortgage mandates granted by Telenet NV and Telenet Vlaanderen NV;

(d) non-joined (non-cumulative) floating charges (*pand op handelszaak/gage sur fonds de commerce*) granted by Telenet NV and Telenet Vlaanderen NV; a portion of floating charges have been granted in a non-joined manner (non-cumulative) with certain mortgages;

(e) a non-exercised floating charge mandate granted by Telenet NV;

(f) pledges on bank accounts and of all present and future receivables granted by Telenet Group Holding, Telenet NV and Telenet Vlaanderen NV; and

(g) pledges on bank accounts and of all present and future intercompany receivables granted by Telenet International Finance.

The non-joined (non-cumulative) floating charges (*pand op handelszaak*) consist of floating charges of (i) €1.25 billion granted by Telenet NV (formerly called Telenet Operaties NV) in March 2001 (€10 million), March 2002 (€375 million) and August 2002 (€865 million), (ii) €135 million granted by Telenet NV in May 2006, (iii) €250 million granted by Telenet NV (formerly called Telenet BidCo NV) in August 2002, (iv) €865 million granted by the former MixtICS NV (succeeded by Telenet NV) in August 2002, (v) €865 million granted by Telenet Vlaanderen NV in August 2002, (vi) €75 million granted by the former PayTVCo NV (succeeded by Telenet NV) in February 2004 and (vii) €75 million granted by the former Telenet Solutions NV in February 2004 (succeeded by Telenet NV). A portion of these floating charges have been granted in a non-joined manner (non-cumulative) with certain mortgages.

Under Belgian law, the registration of floating charges must be renewed every ten years. The Security Agent has confirmed to Telenet NV on August 10, 2012 that the non-joined (non cumulative) floating charges (*pand op handelszaak*) of items (i), (iii) (iv) and (v) have all been renewed on August 10, 2012. For the March 2001 (€10 million) and March 2002 (€375 million) floating charges by Telenet NV (formerly Telenet Operaties NV), this means that, in case of bankruptcy of Telenet NV within six months of August 10, 2012, and if the court decides to impose a pre-bankruptcy suspect (preference) period retroactive to that date, the bankruptcy trustee is entitled to set aside such floating charges if he were to consider that they constituted new security for pre-existing debt. In 2006, a €135 million floating charge has been granted by Telenet NV on the same assets as the 2001 floating charges, that could be exercised in this six-month period instead.

Prepayment

The Senior Credit Agreement contains detailed provisions in relation to voluntary and mandatory prepayment. Such prepayments are subject to certain conditions and exceptions, and the Senior Credit Agreement also contains detailed provisions regarding the order in which such prepayment proceeds are applied.

In addition to scheduled repayments of principal and interest, the Senior Credit Agreement must be prepaid (each tranche in such proportion as described in the Senior Credit Agreement) on the occurrence of any of the following events: (i) a change of control of Telenet NV followed by a request for repayment from the Facility Agent, acting on the instructions of the Majority Lenders; (ii) if it becomes illegal for a Lender to perform any of its obligations relating to the Senior Credit Agreement (in which case, that Lender must be prepaid); or (iii) with the net proceeds of a Permitted Disposal as defined therein (and subject to certain conditions). Any mandatory prepayment is to be applied first against the term loans, and then against the revolving credit facility, in each case in such proportions as the relevant Borrower stipulates or, if the relevant Borrower fails to stipulate, *pro rata*.

Further, the indebtedness under the Senior Credit Agreement may be voluntarily prepaid in whole or in part, on giving at least five business days' prior written notice, in a minimum amount of €5,000,000 and in integral multiples of €1,000,000, without premium or penalty but subject to break funding costs.

Undertakings

The Senior Credit Agreement contains certain undertakings that, subject to certain customary and other agreed exceptions, limit the ability of each Obligor and, in certain cases, each Group member, to, amongst other things:

- incur, create or otherwise permit to be outstanding, any financial indebtedness;
- reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it;
- create or permit to subsist any security interest on or over the whole or any part of its present or future assets, rights or remedies or prefer any future indebtedness of any member of the Telenet Group or any other person;
- dispose of all or any part of its assets;
- engage in or incur capital expenditure in relation to activities outside of the Permitted Business as defined therein;
- make acquisitions or merge or consolidate with another company or person;
- grant or make any loans, any credit or any guarantees or enter into any transaction having the effect of lending money to any person;
- amend its constitutional documents in a manner that would or would be reasonably likely to materially adversely affect any charge or pledge granted over the shares or partnership interest of any member of the Telenet Group in connection with the Senior Credit Agreement;
- declare, make or pay any dividend on or make any distribution or pay any other amounts in respect of, or redeem its share capital, capital stock or other securities to any affiliate of the borrower, other than to a member of the Telenet Group;
- make any payment of principal or interest on any loans, or any direct or indirect distribution dividend or other payment on account of any class of share capital to any Affiliate (as defined therein) of Telenet which is not a subsidiary of Telenet NV;
- enter into any interest rate or currency swaps or other hedging arrangements other than as permitted under the Senior Credit Agreement; and
- issue any shares of any class to any person other than to a member of the Telenet Group, provided that the shares are subject to security in favor of the Lenders.

In addition, the Senior Credit Agreement also requires each Obligor to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions.

Principal Terms and Tranches

1.	**Borrowers**	Telenet NV and Telenet International Finance together with any member of the Group which becomes an "Additional Borrower".
2.	**Guarantors**	Telenet NV and Telenet International Finance. Additionally, Telenet NV shall procure that: (a) the aggregate gross assets, earnings before interest, tax, depreciation and amortization or turnover, of the Borrowers and Guarantors (the "Obligors") (on an unconsolidated basis and excluding intra group items) equal or exceed, respectively 85% of the consolidated EBITDA, consolidated gross assets or consolidated turnover (as appropriate) of Telenet (excluding intra group items); and (b) each "Material Subsidiary", namely any subsidiary of Telenet NV (subject to certain exceptions) whose gross assets, earnings before interest, depreciation, amortization and taxes or turnover (excluding intra-group items) equal or exceed, respectively, 10% of the consolidated gross assets, earnings before depreciation, amortization, interest and taxes or turnover (as applicable) of Telenet Group Holding and its subsidiaries (excluding intra-group items), becomes a Guarantor within 30 days of becoming such.
3.	**Group**	Group means Telenet NV and its subsidiaries from time to time excluding "Non-Recourse Subsidiaries". A "Non-Recourse Subsidiary" means a company or partnership (in which no member of the Group is a general partner), none of whose indebtedness or any other obligations benefits from any recourse whatsoever to any member of the Group in respect of the repayment or payment thereof and which has been notified as such to the Facility Agent.
4.	**Facility Agent**	The Bank of Nova Scotia.
5.	**Security Agent**	KBC Bank NV.
6.	**Majority Lenders**	Lenders whose share in the outstanding Loans and whose undrawn commitments then aggregate 66 2/3% (two thirds) or more of the aggregate of all the outstanding loans and the undrawn commitments of all the Lenders.
7.	**Material Adverse Effect**	Any event or circumstance, which has a material adverse effect on the ability of the Obligors (as a whole) to perform their payment or other material obligations under any of the Finance Documents (as defined therein) (a "MAE").
8.	**Additional Facilities**	There have been a number of "Telenet Additional Facilities" provided under the Senior Credit Agreement previously and there are currently 10 Telenet Additional Facilities outstanding. For further details, please refer to "—Overview" above. Any person may become a Lender under the Senior Credit Agreement by delivering to the Facility Agent a Telenet Additional Facility Accession Agreement (a "Telenet Additional Facility Accession Agreement"), which must be duly executed by that person, the Facility Agent and the Security Agent. That Lender will grant to the relevant Borrower a term loan or revolving loan facility (the "Additional Facility") in the amount specified in the Telenet Additional Facility Accession Agreement in euros or U.S. dollars. Upon the relevant person becoming a Lender, the total commitments under the Senior Credit Agreement shall be increased by the amount in the Telenet Additional Facility Accession Agreement. An Additional Facility may only be arranged if: (a) after giving effect to the utilization thereof, the ratio of Net Total Debt to Consolidated Annualized EBITDA would not be greater than 5.00:1; and

(b) either:

   (i) the average maturity date of the Telenet Additional Facility (taking into account any scheduled amortization and any voluntary or mandatory cancellation which is anticipated when the Telenet Additional Facility is arranged) is no earlier than July 31, 2017; or

   (ii) after giving effect to the utilization in full of such Telenet Additional Facility the ratio of Net Total Debt to Consolidated Annualized EBITDA would not be greater than 4.00:1.

In addition to the above, the Telenet Additional Facility Accession Agreements with respect to Facility M, Facility N, Facility O and Facility P each include an incurrence covenant under which Telenet NV is required to meet a net senior secured leverage ratio before entering into additional facilities under the Senior Credit Agreement.

9. **Purpose**

Facilities M and O were used to repay certain tranches under the Senior Credit Facility and for general corporate purposes. Facility N was used for general corporate purposes. Facilities P, Q, R and T were used to repay certain tranches under the Senior Credit Facility. The Revolving Credit Facility, Facilities Q2 and R2 remain undrawn.

10. **Final Maturity Date**

The Final Maturity Date for each Facility is as follows:

Term Loan M—November 15, 2020

Term Loan N—November 15, 2016

Term Loan O—February 15, 2021

Term Loan P—June 15, 2021

Term Loan Q—July 31, 2017

Term Loan Q2—July 31, 2017

Term Loan R—July 31, 2019

Term Loan R2—July 31, 2019

Term Loan T—December 31, 2018

Revolving Credit Facility—December 31, 2016

As of the date of the Offering Memorandum, all other tranches have been repaid.

11. **Interest**

Except for Term Loan M, Term Loan N and Term Loan O, under the Senior Credit Agreement the rate of interest for each advance (for an interest period of one, two, three or six months at the relevant Borrower's option, or any shorter period agreed by Telenet NV and the Facility Agent or any longer period agreed by Telenet NV and the Majority Lenders) is expressed to be the rate per annum determined by the Facility Agent to be the aggregate of:

(a) the applicable margin;

(b) LIBOR (in the case of an advance denominated in U.S. dollars or other currency) or EURIBOR (in the case of an advance denominated in euros); and

(c) mandatory costs (calculated in accordance with the standard LMA calculations and formulae).

The margin for each Facility is as follows:

Term Loan P—3.875%

Term Loan Q—3.25%

Term Loan Q2—3.25%

Term Loan R—3.625%

Term Loan R2—3.625%

Term Loan T 3.50%

Revolving Credit Facility—2.75%

The interest rates in relation to Term Loan M, Term Loan N and Term Loan O are fixed rates of 6.375%, 5.3% and 6.625%, respectively.

Interest is payable on the last day of each interest period. Default margin for unpaid amounts shall be 1% above the standard margin level.

12. **Repayment**

The repayment profile of each Facility is as follows:

Facility M—in full on November 15, 2020

Facility N—in full on November 15, 2016

Facility O—in full on February 15, 2021

Facility P—in full on June 15, 2021

Facility Q—in full on July 31, 2017

Facility Q2—in full on July 31, 2017

Facility R—in full on July 31, 2019

Facility R2—in full on July 31, 2019

Facility T—in full on December 31, 2018

Revolving Credit Facility—in full on December 1, 2016

As of the date of the Offering Memorandum, all other tranches have been repaid.

13. **Mandatory Prepayment**

Mandatory prepayment and cancellation of a Loan is required in the circumstances set out in greater detail in the Senior Credit Agreement, including in the circumstances described below:

(a) upon notice from a Lender that it is unlawful in any applicable jurisdiction for that Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in any Loan. Each Borrower must prepay the share of that Lender in each Loan made to it on the last day of the current term of that Loan or an earlier date if specified by the Lender;

(b) if so instructed by the Majority Lenders, the Facility Agent shall cancel all commitments and make all outstanding Loans due and payable if any person or group of persons other than a "Permitted Holder" becomes the beneficial owner of a majority of the aggregate voting power of the shares in Telenet or no Permitted Holder controls (directly or indirectly) Telenet. "Permitted Holder" means Liberty Global Europe, Inc. (formerly UGC Europe Inc.), any subsidiary thereof, and, in the event of a spin-off, such company whose shares are distributed in connection with the spin-off and its subsidiaries.

"control" means the power to direct or cause the direction of the management and policies by means of holding shares, voting powers or any other powers conferred by the articles of associations or other documents;

(c) upon the receipt of proceeds from certain Permitted Disposals, Telenet shall prepay an amount of the facilities equal to five times the annualized EBITDA of the person or the asset disposed of for the most recent financial period of two quarters for which financial statements have been delivered to the Facility Agent, provided that the amount prepaid shall not exceed the net proceeds of the disposal and that no prepayment is required where:

(i) the amount of such prepayment would be less than €200,000,000; or

(ii) the amount that would be required to be prepaid is instead deposited into a blocked account on terms that such amount may only be released to make a prepayment in relation to a disposal or to reinvest in assets (including acquisitions and capital expenditure). Any amount not reinvested within 12 months will be applied in prepayment of the facilities.

Any prepayment of the Additional Facilities from disposal proceeds will be applied first against the term loan facilities in such proportion as may be specified by Telenet, and second against any revolving facilities in such proportion as may be specified by Telenet or, if Telenet fails to specify a proportion, pro rata against the term loan facilities.

14. **Voluntary Prepayment**

Voluntary prepayment of any loan by Telenet is permitted at any time on not less than five business days' prior notice (such notice to be irrevocable) and in a minimum amount of €5,000,000 and an integral multiple of €1,000,000.

15. **Cancellation**

Any unutilized amount of the total commitments may be cancelled by Telenet NV, in whole or in part, at any time on not less than five business days' prior notice (such notice to be irrevocable).

Partial cancellation must be in a minimum amount of €5,000,000 and an integral multiple of €1,000,000. No premium or penalty shall apply in respect of any repayment save for break costs, and amounts cancelled may not be reinstated. Telenet must first cancel the whole of the unutilized B2A and B2B facility commitments, and second cancel the whole of the unutilized C facility, before it can cancel the unutilized amount of any other commitment.

The undrawn amount of any commitment under any facility shall be automatically cancelled at the close of business on the last day of the availability period of that facility.

16. **Security**

Security has been granted by all members of the Telenet Group (except for C-CURE NV, T-VGAS NV, Telenet Mobile NV, Telenet Tecteo Bidco NV, Telenet Service Center NV, Telenet Solutions Luxembourg S.A., Telenet Luxembourg Finance Center S.à r.l. and Finance Center Telenet S.à r.l.) over substantially all their assets and includes:

(a) share pledges given in respect of all the shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance;

(b) non-joined (non-cumulative) mortgages granted by Telenet NV and Telenet Vlaanderen NV;

(c) non-exercised mortgage mandates granted by Telenet NV and Telenet Vlaanderen NV;

(d) non-joined (non-cumulative) floating charges granted by Telenet NV and Telenet Vlaanderen NV; a portion of floating charges have been granted in a non-joined manner (non-cumulative) with certain mortgages;

(e) a non-exercised floating charge mandate granted by Telenet NV;

(f) pledges on bank accounts and of all present and future receivables granted by Telenet Group Holding, Telenet NV and Telenet Vlaanderen NV; and

(g) pledges on bank accounts and of all present and future intercompany receivables granted by Telenet International Finance.

See "*Description of the senior Credit Facility and the Related Agreements—Guarantees and Security*".

17. **Representations and Warranties**

Usual representations and warranties package for this type of agreement (subject to agreed exceptions, materiality and material adverse effect qualifications and disclosures as detailed in the Senior Credit Agreement), given by each Obligor, or where applicable, Telenet NV, to the finance parties, in respect of itself and, where applicable, its subsidiaries, including, but not limited to:

(a) status and due incorporation;

(b) power and authority to perform obligations under the Finance Documents;

(c) legal validity of the Finance Documents, recognition of choice of law and recognition of jurisdiction and judgments;

(d) execution and performance of the Finance Documents does not violate any laws, constitutional documents or other documents;

(e) all necessary licenses and authorizations are in full force and effect;

(f) enforceability of material contracts and no breach or amendment of material contracts;

(g) no event of default under any other agreement;

(h) the financial statements delivered give a true and fair view of (if audited) or fairly represent (if unaudited) the financial condition of the Obligors (consolidated, if applicable) as the date to which they were drawn up and have been prepared in all material respects in accordance with those principles and practices generally applied in Belgium, including IFRS;

(i) all necessary environmental licenses have been acquired and complied with, environmental law compliance and no material environmental claims;

(j) no litigation or similar proceedings;

(k) ownership, maintenance and non-infringement of intellectual property rights;

(l) ownership of assets necessary to conduct business;

(m) relevant United States regulations compliance;

(n) anti-terrorism laws;

(o) non-engagement in business of extending credit for purchasing or carrying margin stock;

(p) ERISA compliance; and

(q) compliance with U.S. Investment Company Act of 1940, as amended.

The representations and warranties listed above other than (e), (j) (l) and (p) are deemed to be repeated by each relevant Obligor on the date of each request, the first day of each term and on each utilization date.

18. **Non-Financial Undertakings**

Customary for this type of agreement (subject to agreed exceptions, materiality and MAE qualifications and disclosures as detailed in the Senior Credit Agreement), binding on each Obligor in respect of itself and, where applicable, its subsidiaries which are members of the Group, including, but not limited to:

(a) timely delivery of information in relation to the Group, including:

 (i) audited consolidated financial statements of Telenet Group Holding NV, as soon as available and within 150 days of financial year end;

(ii) unaudited quarterly management accounts of Telenet Group Holding NV, as soon as available and within 60 days of the end of each financial quarter respectively or, in the case of fourth quarter management accounts, within 150 days of each such financial quarter;

(iii) annual budgets of Telenet for each financial year, by no later than 90 days after the end of the previous financial year; and

(iv) compliance certificate with each set of its financial statements;

(b) notice of default, notice of material non-compliance with any law or regulation relating to an ERISA plan and at any time while an event of default is continuing or the agent has reasonable grounds to believe that an event of default may exist, access to properties, books and records, principal officers and auditors;

(c) obtain, maintain, comply and renew all necessary licenses, filings, consents and authorizations required to perform its obligations under the finance documents and ensure that no necessary authorizations or licenses are revoked;

(d) pari passu ranking of payment obligations;

(e) negative pledge;

(f) restriction on engaging in activities outside the permitted business, which includes the carrying on of the business principally in Belgium, The Netherlands or Luxembourg and/or maintenance of the business of acting as holder of shares of other members of the Group;

(g) compliance in all material respects with applicable laws, regulations and rules;

(h) disposals restriction;

(i) restriction on mergers and acquisitions;

(j) restriction on incurring financial indebtedness;

(k) restriction on the payment of dividends and distributions, principal or interest on any loan and the transfer of any assets other than permitted payments (payments of principal and interest on shareholder loans or dividends or other distributions if the ratio of Net Total Debt to Consolidated Annualized EBITDA is 5:1 or less (before and after such payment) and no default or event of default has occurred and is continuing or would occur as a result of such payment);

(l) restriction on entry into any transaction with a restricted person (defined as any subsidiary or holding company of Telenet (not being a member of the Group)) other than on arm's length commercial terms, which is fair and reasonable and in the best interests of the group;

(m) restriction on loans and guarantees and other extensions of credit granted or issued for the benefit of persons who are not members of the Group;

(n) compliance with environmental laws, obtaining all requisite environmental approvals and compliance with all environmental licenses and obligations, notification of any claim under applicable environmental law;

(o) maintenance of insurance cover;

(p) restrictions on hedging arrangements;

(q) maintenance, protection, preservation, of intellectual property rights;

(r) restriction on reduction, purchase or redemption of any class of shares or other ownership interest;

(s) Telenet NV shall procure that Telenet Group Holding NV shall not trade, carry on any business, own any asset or incur any liabilities other than:

(i) the provision of administrative services to other members of the Group of a type customarily provided by a holding company; and

(ii) ownership of shares in its subsidiaries, intra-group debt and credit balances, cash and cash equivalent investments;

(t) restrictions on the issue of shares by members of the Group;

(u) restricted persons to enter into a pledge of subordinated shareholder loans and security provider's deed of accession, before making any financial indebtedness available to the group;

(v) Group members to maintain a financial year-end of December 31;

(w) capital expenditure of the Group restricted to its permitted business;

(x) restrictions on amendments to the constitutive documents of members of the Group; and

(y) compliance with ERISA.

19. **Financial Covenants**

The Senior Credit Agreement requires Telenet to procure the maintenance of the following financial ratios (each as defined therein) and sets out, specific ratios to be met in relation to each of the below, to be tested quarterly:

(a) ratio of net total debt to consolidated annualized EBITDA to be no more than 6.00:1; and

(b) ratio of consolidated EBITDA to total cash interest to be no less than 2.10:1.

Telenet may, subject to certain limitations set forth in the Senior Credit Agreement, cure a breach of the financial ratios by procuring that additional equity is injected into the Group by one or more Restricted Persons and/or additional Subordinated Shareholder Loans are provided by the Group.

20. **Events of Default**

Customary for this type of agreement, including without limitation (and subject to agreed exceptions, thresholds, materiality and material adverse effect qualifications and grace periods):

(a) non-payment under the finance documents;

(b) breach of covenants or breach of other provisions of the Finance Documents;

(c) a representation or warranty is incorrect in any material respect;

(d) cross default:

  (i) non-payment of financial indebtedness by a member of the Group or Telenet Group Holding;

  (ii) any financial indebtedness of the Group or Telenet Group Holding is prematurely due and payable or placed on demand or capable of being declared to be prematurely due and payable or of being placed on demand in each case as a result of an event of default or any provision having similar effect; or

  (iii) any commitment for financial indebtedness of the Group or Telenet Group Holding is cancelled or suspended as a result of an event of default;

(e) insolvency, bankruptcy, winding up, moratorium, administration, enforcement proceedings, assignment for the benefit of creditors or similar, of any Obligor or Material Subsidiary;

(f) any formal voluntary steps towards insolvency proceedings, any meetings or filing in connection with such proceedings, any petition for winding-up or similar, or the appointment, or request of appointment, of liquidator, administrator, receiver or similar in respect of any Obligor or Material Subsidiary;

(g) enforcement of a creditor's process against any Obligor or Material Subsidiary;

(h) unlawfulness of performance of obligations under the Finance Documents or the repudiation of any Finance Document;

(i) cessation of business by an Obligor or member of the Group;

(j) change in the ownership of an Obligor (other than Telenet NV);

(k) expropriation events;

(l) breach of the terms of the Intercreditor Agreement by any Obligor, member of the Group or Telenet Group Holding;

(m) loss, breach or failure to renew material licenses;

(n) termination, suspension, alteration, breach or repudiation of material contracts;

(o) event or series of events reasonably likely to have an MAE; and

(p) certain ERISA events.

21. **Tax**

All payments must be made free and clear of any taxes, deductions or withholdings unless required by law. Borrower to gross-up if necessary with respect to a Lender that is a Qualifying Lender and Lenders to reimburse any tax credit received as a result. If any gross-up is necessary, Borrower may, while the requirement continues, give notice requesting prepayment and cancellation in respect of the relevant Lender.

22. **Amendments and Waivers**

Any term of the Finance Documents can be amended or waived only with the consent of the Majority Lenders and Telenet. However certain waivers and amendments require the consent of all Lenders: these include waivers and amendments relating to extensions of maturity, reduction in fees, margin, principal or any other amount payable to a Lender and increasing additional facility commitments. Telenet can request that Lenders take a transfer of the rights and obligations of a non-consenting Lender. Any non-consenting Lender is required to transfer its rights and obligations to Lenders who agree to accept such a transfer.

23. **Transferability**

Obligors restricted from transferring or assigning their interests under the Finance Documents without the prior consent of all Lenders.

Lenders can transfer (by way of novation) their rights and obligations under the Finance Documents at any time subject to the following:

(a) partial transfer must be in a minimum amount of €2,000,000 (or if less, the aggregate of the commitments of the existing lender and other existing lender that is managed or controlled by the same investment manager, subject to a threshold of €1,000,000);

(b) prior consent (not to be unreasonably withheld or delayed) of Telenet required unless transfer is to another Lender, an affiliate of a Lender or an event of default is outstanding;

(c) transfer effected by novation certificate duly executed by the parties and the Facility Agent and the new lender and particulars concerning the transferred interests are entered into the register; and

(d) €2,500 fee.

The existing Lender is not responsible to the new Lender and the new Lender confirms it has carried out its own appraisal of the Obligors. No restriction on sub-participations.

24. **Law** English.

25. **Miscellaneous** The Senior Credit Agreement is subject to the non-exclusive jurisdiction of the English courts and contains service of process, waiver of immunity and waiver of trial by jury clauses.

Description of Tranche Restructurings

The 2009 Tranche Exchange

The Senior Credit Agreement originally provided for three tranches of term loans—Term Loan A, Term Loan B and Term Loan C (the "2009 Original Facilities"). In August 2009, Telenet offered the lenders under the Original Facilities the opportunity to exchange their outstanding loans for loans under the Term Loan D Facility, Term Loan E1 Facility, Term Loan E2 Facility and Term Loan F Facility (the "2009 New Facilities"). The 2009 New Facilities were identical to the corresponding Original Facilities, save that they each have longer maturities and higher margins than their corresponding Original Facility.

The 2009 New Facilities were created by having Telenet Mobile NV accede to the Senior Credit Agreement as a Lender and provide the 2009 New Facilities as Telenet Additional Facilities. Telenet Mobile NV obtained the funds to provide the 2009 New Facilities from a matching intra-group loan from Telenet NV, so that the amounts owed to Telenet Mobile NV under the 2009 New Facilities set off against amounts owed by Telenet Mobile NV under the intra-group loan on their respective due dates, which are on the same date. Telenet Mobile NV then executed novation agreements with certain Lenders under the 2009 Original Facilities pursuant to which those Lenders exchanged their loans for loans under the 2009 New Facilities. The exchange took place on a cashless basis.

One of the results of the provision of the 2009 New Facilities, and their subsequent exchange for loans under the Original Facilities is that Telenet Mobile NV became a lender in respect of certain loans under the 2009 Original Facilities. In order to enhance the protection offered to the other lenders under the Senior Credit Agreement, Telenet Mobile NV entered into the following documents at the same time as the 2009 New Facilities were provided:

(a) a renunciation and restriction deed, pursuant to which:

  (i) Telenet Mobile NV renounced its rights to the security and guarantees which other Lenders benefit from under the Senior Credit Agreement;

  (ii) Telenet Mobile NV agreed that, in respect of any request for a consent, waiver or amendment or any other vote under a Finance Document, it would exercise its voting rights as a Lender in accordance with Lenders who are not affiliates of Telenet NV and whose commitments constitute at least 66.6% of the total outstanding loans (other than loans owed to Telenet Mobile NV);

(b) a facility agent joint instruction letter, pursuant to which Telenet Mobile NV and Telenet NV instruct the facility agent to apply payments due to Telenet Mobile NV under the Original Facilities towards Telenet Mobile NV's obligations to Telenet under the intra-group loan on a cashless basis; and

(c) a netting agreement, pursuant to which the intra-group loan between Telenet NV and Telenet Mobile NV shall be netted off against the amounts owed by Telenet NV to Telenet Mobile NV under the Original Facilities at maturity.

The 2010 Tranche Exchange

In August 2010, Telenet NV, as borrower, offered the lenders under Facility A, Facility B, Facility D and Facility E of the Senior Credit Agreement the opportunity to exchange their loans for loans under new Telenet Additional Facility G with Telenet International Finance as borrower, providing for an extension of their maturity profiles to 2017. In addition, Lenders under Facilities A, B, C, D, E (who did not consent to extend their maturity profile) and Lenders under Facility F (together with A, B, C, D and E, the "2010 Original Facilities") exchanged their existing loans for loans under a new facility which would be identical to their existing facility, save that the borrower would be Telenet International Finance.

The new Facilities G, H, I, J, K, L1 and L2 (the "2010 New Facilities") borrowed by Telenet International Finance were created by having Telenet Luxembourg Finance Center S.à r.l. (formerly Telenet Luxembourg Finance Center S.A.) accede to the Senior Credit Agreement as a lender and provide the 2010 New Facilities as Telenet Additional Facilities. Telenet Luxembourg Finance Center S.à r.l. obtained the funds to provide the 2010 New Facilities from a matching intra-group loan from Telenet International Finance, so that the amounts owed to Telenet Luxembourg Finance Center S.à r.l. under the 2010 New Facilities net off against amounts owed by Telenet Luxembourg Finance Center S.à r.l. under the intra-group loan on their respective due dates, which are on the same date. Accordingly, with effect from October 4, 2010, Term Loan G Facility, Term Loan H Facility, Term Loan I Facility, Term Loan J Facility, Term Loan K Facility, Term Loan L1 Facility and Term Loan L2 Facility were created, and Telenet Luxembourg Finance Center S.à r.l. executed novation agreements with certain lenders under the 2010 Original Facilities pursuant to which those lenders exchanged their loans and the 2010 New Facilities.

As a result of the provision of the 2010 New Facilities and their subsequent exchange for loans under 2010 Original Facilities, Telenet Luxembourg Finance Center S.à r.l. is now a lender in respect of certain loans under the Senior Credit Agreement. In order to enhance the protection offered to the other lenders under the Senior Credit Agreement, Telenet Luxembourg Finance Center S.à r.l. acceded to the renunciation and restriction deed entered into by Telenet Mobile NV in 2010 when the Facilities G, H, I, J, K, L1 and L2 were created. In addition, Telenet Luxembourg Finance Center S.à r.l. also entered into a facility agent joint instruction letter and a netting agreement similar to those entered into by Telenet Mobile NV in 2009, in each case together with Telenet NV and Telenet International Finance. See "*—The 2009 Tranche Exchange*".

October 29, 2010 Repayment

On October 29, 2010, Telenet NV repaid the existing tranches B1 and F under the Senior Credit Facility out of its cash balance.

Facility M

On November 3, 2010 Telenet Finance Luxembourg issued the Telenet Finance Luxembourg Notes, the proceeds of which were used to fund Facility M under the Senior Credit Facility. On November 15, 2010, Telenet used approximately €202 million of the proceeds from Facility M to repay tranches H, I and L2 under the Senior Credit Facility.

Facility N

On November 26, 2010, Telenet Finance Luxembourg II issued the Telenet Finance Luxembourg II Notes, the proceeds of which were used to fund Facility N under the Senior Credit Facility.

Changes during 2011

Facility O

On February 15, 2011 Telenet Finance III Luxembourg issued the Telenet Finance III Luxembourg Notes, the proceeds of which were used to fund Facility O under the Senior Credit Facility. On February 28, 2011, Telenet used approximately €286.5 million of the proceeds from Facility O to repay tranches K and L1 under the Senior Credit Facility.

Upsizing of Facility G

On February 28, 2011, Telenet International Finance drew additional loans under Facility G under the Senior Credit Facility with Telenet Luxembourg Finance Center S.à r.l. as lender (the "Facility G2 Loans") for a total amount of €80 million. Telenet Luxembourg Finance Center S.à r.l. obtained the funds to provide the Facility G2 Loans from a matching intra-group loan from Telenet International Finance, so that the amounts owed to Telenet Luxembourg Finance Center S.à r.l. under the Facility G2 Loans were equal to the amounts owed by Telenet Luxembourg Finance Center S.à r.l. under the intra group loan. On the same day, Telenet International Finance and certain lenders under the existing Facility K under the Senior Credit Facility executed novation agreements pursuant to which those lenders exchanged their loans under Facility K for Facility G Loans. After this exchange, which took place on a cashless basis, Facility G had a total amount outstanding of €1,550.5 million.

On June 1, 2011, the board of directors of Telenet Group Holding, Telenet NV and Telenet Vlaanderen NV approved and on May 31, 2011, the board of managers of Telenet International Finance and Telenet

Luxembourg Finance Center S.à r.l. approved the exchange of an existing loan under Facility J under the Senior Credit Facility for an amount of €27.5 million held by an existing lender for an additional loan under Facility G under the Senior Credit Facility for the same amount to be provided to Telenet International Finance by Telenet Luxembourg Finance Center S.à r.l. as lender (the "Facility G3 Loan"). Telenet Luxembourg Finance Center S.à r.l. obtained the funds to provide the Facility G3 Loan from a matching intra-group loan from Telenet International Finance, so that the amounts owed to Telenet Luxembourg Finance Center S.à r.l. under the Facility G3 Loan were equal to the amounts owed by Telenet Luxembourg Finance Center S.à r.l. under the intra group loan. After the closing of this exchange, which occured on June 10, 2011, Facility G had a total amount outstanding of €1,578.0 million.

Facility P

On June 15, 2011, Telenet Finance IV Luxembourg issued the Telenet Finance IV Luxembourg Notes, the proceeds of which were used to fund Facility P under the Senior Credit Facility. On July 29, 2011, Telenet used approximately €400 million of the proceeds from Facility P to repay tranches G and J under the Senior Credit Facility.

The 2011 Tranche Exchange

In July 2011, Telenet International Finance, as borrower, offered the lenders under Facility G of the Senior Credit Agreement the opportunity to exchange their Facility G loans. 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 with an extended maturity of two years to July 31, 2019 (Term Loan R), in each case re-priced in line with the market conditions at that time.

The new Facilities Q and R (the "2011 New Facilities") borrowed by Telenet International Finance were created following the accession of Telenet Luxembourg Finance Center S.à r.l. (formerly Telenet Luxembourg Finance Center S.A.) as a lender under the Senior Credit Facility and providing the 2011 New Facilities as Telenet Additional Facilities. Telenet Luxembourg Finance Center S.à r.l. obtained the funds to provide the 2011 New Facilities from a matching intra-group loan from Telenet International Finance, so that the amounts owed to Telenet Luxembourg Finance Center S.à r.l. under the New Facilities net off against amounts owed by Telenet Luxembourg Finance Center S.à r.l. under the intra-group loan on their respective due dates, which are on the same date. Accordingly, with effect from July 20, 2011, Term Loan Q Facility and Term Loan R Facility were created, and Telenet Luxembourg Finance Center S.à r.l. executed novation agreements with certain lenders under Facility G pursuant to which those lenders exchanged their loans under Facility G for the 2011 New Facilities.

The Extension of the Revolving Facility

As part of the 2011 Tranche Exchange, the existing undrawn Revolving Credit Facility was cancelled and replaced by a new Revolving Credit Facility under the Senior Credit Facility with a maturity of December 30,2016 and for a principal amount of €158.0 million.

Changes during 2012

Facility T

On February 8, 2012, Telenet announced the issuance of €175.0 million debt, on a consolidated basis. To this end, Telenet International Finance, as borrower, entered into a new floating rate Term Loan ("Facility T") with BNP Paribas S.A. under the Senior Credit Facility with a maturity on December 31, 2018 and a 3.50% margin over Euribor.

Q2 and R2 Accession Agreements

Telenet Luxembourg Finance Center S. à r. l. used the net proceeds from Facility T to buy a portion of the Q and R Facilities issued by Telenet International Finance and held by BNP Paribas Bank N.V. and Fortis Bank SA/NV. On February 29, 2012, Telenet entered into two additional facility accession agreements, the Additional Facility Q2 Accession Agreement (the Q2 Accession Agreement) and the Additional Facility R2 Accession Agreement (the R2 Accession Agreement) under the Senior Credit Facility. Pursuant to the Q2 Accession Agreement and the R2 Accession Agreement, BNP Paribas Bank N.V. and Fortis Bank SA/NV, as existing Lenders, agreed to provide new Term Loan facilities in an aggregate principal amount of €74.0 million (Term Loan Q2) and €50.0 million (Term Loan R2), respectively. Term Loan Q2 and Term Loan R2 are available to be drawn on August 31, 2012 only.

The Facility U Accession Agreement

The Issuer acceded to the Senior Credit Facility as an additional lender and extended an additional tranche (the 2022 Finco Loan) to Telenet International Finance as borrower (Facility U) with the proceeds of the offering of the Notes, pursuant to the Facility U Accession Agreement. Principal and interest on the Notes will be financed by principal and interest payable on the 2022 Finco Loan (also referred to elsewhere in these Listing Particulars as "Finco Loan U", on a limited recourse basis. The Facility U Accession Agreement which documents the terms of the 2022 Finco Loan has the following principal terms, which shall be read in conjunction with the terms of the Senior Credit Facility specified elsewhere herein:

1.	**Acceding Lender**	Issuer.
2.	**Borrower**	Telenet International Finance.
3.	**Facility**	Term Loan U.
4.	**Facility Commitment**	**Term Loan of €450,000,000.00; may be drawn by one Loan on the date of the Facility U Accession Agreement for only the principal amount of the Facility U Commitment.**
5.	**Interest Rate**	6.250% per annum.
6.	**Interest Term**	Initially, from the date the Facility U Accession Agreement takes effect (in accordance with the satisfaction of the conditions precedents stipulated therein), up to and including February 15, 2013; and thereafter, each subsequent Term will be 6 months.
7.	**Final Maturity Date**	August 15, 2022
8.	**Mandatory Prepayments**	Upon the occurrence of a mandatory prepayment of the Term Loan U Facility following a change of control (as defined in the Senior Credit Agreement), the Borrower will pay to the Facility Agent an amount equal to 1% of the principal amount of the Term Loan U Facility, plus accrued and unpaid interest to the date of such prepayment. Following certain transfers of the assets or shares of Telenet NV (a "Telenet Group Transfer"), (a) if the majority in aggregate principal amount of the Notes consent to the Telenet Group Transfer, Telenet International Finance may, at its option, voluntarily prepay a principal amount of the Term Loan U Facility equal to the aggregate principal amount of the Notes whose holders did not consent to the Telenet Group Transfer plus accrued and unpaid interest to the date of prepayment plus an additional payment equal to 1% of the principal amount of the Term Loan U Facility prepaid; or (b) if the holders of a majority of the aggregate principal amount of the Notes do not consent to such transfer, Telenet International Finance will prepay the Term Loan U Facility in a principal amount equal to the aggregate principal amount of the Notes tendered in the offer to purchase by the Issuer plus accrued and unpaid interest to the date of purchase plus an additional payment equal to 1% of the principal amount of the Term Loan U Facility prepaid on the date of purchase. With respect to certain asset sales, Telenet NV and Telenet International Finance may elect, at their option, to (i) prepay a principal amount of the Term Loan U Facility equal to the aggregate principal amount of the Notes tendered in a related asset sale offer to be made by the Issuer (not to exceed the amount of the available proceeds from the related asset sale); or (ii) subject to the payment of certain premiums, prepay the Term Loan U Facility in an amount equal to available proceeds from the related asset sale.
9.	**Voluntary Prepayments**	At any time prior to August 15, 2017, upon a voluntary prepayment of any or all of the Term Loan U Facility (other than a payment in connection with a Telenet Group Transfer or a prepayment made pursuant to the next sentence), the Borrower will pay to the Facility Agent an amount equal to the Additional Amount (as defined in the Facility U Accession Agreement). Prior to the earlier of (i) November 16, 2012 and (ii) ten business days following the

payment of the bid price to tendering shareholders in the Voluntary Self Tender, Telenet NV and Telenet International Finance may elect, at their option, one time only on five business days notice (which notice will be irrevocable), to apply Excess Offering Proceeds (as defined in the Indendure) to prepay the Term Loan U Facility in a principal amount up to €250 million *provided* that, in any event, at least €200 million in principal amount of the Term Loan U Facility will remain outstanding immediately after such prepayment.

On or after August 15, 2017, upon a voluntary prepayment of any or all of the Term Loan U Facility (other than a payment in connection with a Telenet Group Transfer), the Borrower will pay to the Facility Agent an amount equal to the relevant percentage of the principal amount of the Term Loan U Facility being prepaid as set forth below (plus accrued and unpaid interest then due), plus accrued and unpaid interest to the date of such prepayment, if prepaid during the twelve-month period beginning on August 15 of the years indicated below.

Year	Prepayment Amount
2017	3.125%
2018	2.083%
2019	1.563%
2020 and thereafter	0.000%

10. **Incurrence Covenant** Telenet NV is required under the Facility U Accession Agreement to meet a net senior secured leverage ratio before entering into additional facilities under the Senior Credit Agreement.

The Facility V Accession Agreement

The Issuer acceded to the Senior Credit Facility as an additional lender and extended an additional tranche (the 2024 Finco Loan) to Telenet International Finance as borrower (Facility V) with the proceeds of the offering of the Notes, pursuant to the Facility V Accession Agreement. Principal and interest on the Notes will be financed by principal and interest payable on the 2024 Finco Loan (also referred to elsewhere in these Listing Particulars as "Finco Loan V"), on a limited recourse basis. The Facility V Accession Agreement which documents the terms of the 2024 Finco Loan has the following principal terms, which shall be read in conjunction with the terms of the Senior Credit Facility specified elsewhere herein:

1. **Acceding Lender** Issuer.
2. **Borrower** Telenet International Finance.
3. **Facility** Term Loan V.
4. **Facility Commitment** **Term Loan of €250,000,000.00; may be drawn by one Loan on the date of the Facility V Accession Agreement for only the principal amount of the Facility V Commitment.**
5. **Interest Rate** 6.750% per annum.
6. **Interest Term** Initially, from the date the Facility V Accession Agreement takes effect (in accordance with the satisfaction of the conditions precedents stipulated therein), up to and including February 15, 2013; and thereafter, each subsequent Term will be 6 months.
7. **Final Maturity Date** August 15, 2024
8. **Mandatory Prepayments** Upon the occurrence of a mandatory prepayment of the Term Loan V Facility following a change of control (as defined in the Senior Credit Agreement), the Borrower will pay to the Facility Agent an amount equal to 1% of the principal amount of the Term Loan V Facility, plus accrued and unpaid interest to the date of such prepayment.

Following certain transfers of the assets or shares of Telenet NV (a "Telenet Group Transfer"), (a) if the majority in aggregate principal amount of the Notes consent to the Telenet Group Transfer, Telenet International Finance may, at its option, voluntarily prepay a principal amount of the Term Loan V Facility equal to the aggregate principal amount of the Notes whose holders did not consent to the Telenet Group Transfer plus accrued and unpaid interest to the date of prepayment plus an additional payment equal to 1% of the principal amount of the Term Loan V Facility prepaid; or (b) if the holders of a majority of the aggregate principal amount of the Notes do not consent to such transfer, Telenet International Finance will prepay the Term Loan V Facility in a principal amount equal to the aggregate principal amount of the Notes tendered in the offer to purchase by the Issuer plus accrued and unpaid interest to the date of purchase plus an additional payment equal to 1% of the principal amount of the Term Loan V Facility prepaid on the date of purchase.

With respect to certain asset sales, Telenet NV and Telenet International Finance may elect, at their option, to (i) prepay a principal amount of the Term Loan U Facility equal to the aggregate principal amount of the Notes tendered in a related asset sale offer to be made by the Issuer (not to exceed the amount of the available proceeds from the related asset sale); or (ii) subject to the payment of certain premiums, prepay the Term Loan V Facility in an amount equal to available proceeds from the related asset sale.

9. **Voluntary Prepayments**

At any time prior to August 15, 2018, upon a voluntary prepayment of any or all of the Term Loan V Facility (other than a payment in connection with a Telenet Group Transfer), the Borrower will pay to the Facility Agent an amount equal to the Additional Amount (as defined in the Facility V Accession Agreement).

On or after August 15, 2018, upon a voluntary prepayment of any or all of the Term Loan V Facility (other than a payment in connection with a Telenet Group Transfer), the Borrower will pay to the Facility Agent an amount equal to the relevant percentage of the principal amount of the Term Loan V Facility being prepaid as set forth below (plus accrued and unpaid interest then due), plus accrued and unpaid interest to the date of such prepayment, if prepaid during the twelve-month period beginning on August 15 of the years indicated below.

Year	Prepayment Amount
2018	3.375%
2019	2.531%
2020	1.688%
2021	0.844%
2022 and thereafter	0.000%

10. **Incurrence Covenant**

Telenet NV is required under the Facility V Accession Agreement to meet a net senior secured leverage ratio before entering into additional facilities under the Senior Credit Agreement.

The Intercreditor Agreement

The Intercreditor Agreement was entered into on October 10, 2007, between, among others, and various creditors of the Telenet Group including the Obligors, the security agent and the facility agent, together with the following:

Hedging Banks: Certain persons to whom indebtedness (the "**Hedging Debt**") is owed by an Obligor under any interest rate swap and/or interest rate cap, floor, collar or option or other interest rate or currency hedge, that is put in place in accordance with the terms of the Senior Credit Agreement and Intercreditor Agreement.

Intercompany Creditors: Members of the Telenet Group to whom intercompany indebtedness (the "**Intercompany Debt**") is owed by another member of the Telenet Group.

Subordinated Creditors: Affiliates of Telenet which are not members of the Telenet Group to whom any indebtedness (the "**Subordinated Debt**") is owed by a member of the Group.

The Intercreditor Agreement regulates the relationship and rights between these creditors, including (but not limited to) the ranking of their claims, the enforcement of security, the turnover of proceeds and the sharing of losses. A copy of the Intercreditor Agreement is set forth as Annex C to these Listing Particulars.

The Issuer will accede to the Intercreditor Agreement as a lender and will be bound by the terms and provisions of the Intercreditor Agreement in its capacity as a Lender.

Ranking and Subordination

The Intercreditor Agreement provides that the indebtedness owed by the Obligors to the Lenders party to the Senior Credit Agreement, the Facility Agent or the Security Agent in any manner whatsoever under or in connection with the Finance Documents (the "Senior Debt"), the Hedging Debt, the Intercompany Debt and the Subordinated Debt shall rank as follows:

- First: the Senior Debt and the Hedging Debt (pari passu among themselves);
- Second: the Subordinated Debt; and
- Third: the Intercompany Debt.

As such, with certain exceptions, Intercompany Creditors and Subordinated Creditors shall only be eligible to receive repayment in the event that the Senior Debt and the Hedging Debt have been fully paid and discharged and all commitments under the Finance Documents to provide any financial accommodation of all of the Lenders and the Hedging Banks have been cancelled to the satisfaction of the Facility Agent acting reasonably (in the case of the Senior Debt) and the Hedging Banks acting reasonably (in the case of the Hedging Debt) (the "Senior Discharge Date").

Undertakings

In order to facilitate the ranking as described, certain parties to the Intercreditor Agreement have provided undertakings restricting their ability to take various steps that might affect such ranking. In particular:

- The debtors in respect of the Subordinated Debt (each a "Subordinated Debtor") and the Obligors have undertaken, among other things, that they will not, until the Senior Discharge Date, pay, discharge, permit any security to subsist for, or give any guarantee, indemnity or assurance in respect of, the Subordinated Debt or Intercompany Debt, except for, among others, Permitted Payments (defined below).
- Each Hedging Bank has undertaken, among other things, that they will not, until the Senior Discharge Date or without the Majority Lenders' consent, terminate or close out any hedging transaction prior to its maturity date unless certain exceptions apply or demand or receive payment from the Obligors, except for scheduled payments arising under the original terms of the hedging documents and any proceeds of the enforcement of security received by it in accordance with the Intercreditor Agreement.

"**Permitted Payments**" mean, prior to the Senior Discharge Date:

- scheduled payments arising under the original terms of the hedging documents; and
- the making of any payment if it is not prohibited by the Senior Credit Agreement.

Any member of the Group may make payments in respect of the Subordinated Debt after the Senior Discharge Date but prior to the Subordinated Discharge Date.

Turnover

The Intercreditor Agreement contains a covenant which, among other things, requires any Hedging Bank, Intercompany Creditor or Subordinated Creditor that receives a payment or distribution in cash or in kind in respect of any Hedging Debt, Intercompany Debt or Subordinated Debt other than as permitted under the Intercreditor Agreement, to hold that payment as fiduciary agent in a segregated account for the Lenders, the Facility Agent, the Security Agent and the Hedging Banks (the "Senior Creditors") and (promptly following receipt) will pay and distribute to the Security Agent for application in accordance with the payment waterfall set out in the Intercreditor Agreement.

Security—Enforcement

The Intercreditor Agreement also provides that no Senior Creditor may, without the consent of the Majority Lenders, (i) enforce any Security Document (as defined in the Senior Credit Agreement), (ii) sue for or institute any creditors' process or conservatory seizure in respect of any Senior Debt or Hedging Debt, (iii) take any step for the winding up of, or any insolvency proceeding or creditors' process in relation to, any Obligor or for a voluntary arrangement or scheme of arrangement in relation to any Obligor or (iv) apply for an injunction or specific performance in relation to the Senior Finance Documents (defined therein).

The Security Agent shall only take action (or refrain from acting) in respect of the enforcement of the Senior Security in accordance with the instructions of the Majority Senior Creditors (defined below). The manner of enforcement shall also be determined by the Majority Senior Creditors. In the absence of any instructions from the Majority Senior Creditors, the Security Agent shall enforce the Senior Security in such manner as it sees fit, and solely having regard to the interests of the Lenders and the Hedging Banks. On an enforcement of the Security Documents, the Security Agent is authorized to execute any release of security and where such being released comprises all of the shares in the capital of an Obligor, a release of such Obligor from all present and future liabilities (both actual and contingent) under the Finance Documents if, in each case, provided that the proceeds of such enforcement are to be applied in the manner provided for in the Intercreditor Agreement.

"**Majority Senior Creditors**" means the Majority Lenders, provided that, following the acceleration of the Senior Debt, and commencement of enforcement of the Security in accordance with the Intercreditor Agreement, for the purposes only of calculating voting rights under the Intercreditor Agreement, the total commitments under the Senior Credit Agreement will be notionally increased by an amount equal to the aggregate of the Hedging Debt of Hedging Banks that each have a commitment under the Senior Credit Agreement of at least €10,000,000, and each of those Hedging Banks will be deemed to have the aggregate amount of its commitments under the Senior Credit Agreement increased by an amount equal to its Hedging Debt.

Security—Distribution of Proceeds

The proceeds resulting from the enforcement of Security Documents are to be applied by the Security Agent in the following order:

- First: in payment of all costs charges expenses and liabilities (and all interest due thereon) incurred by or on behalf of the Security Agent or by such other party as the case may be in connection with the realization of the security and any receiver, attorney or agent, in each case in connection with the carrying out or purporting to carry out, its duties or exercising its powers, and the remuneration of any such receiver;
- Second: in payment (i) to the Facility Agent for application towards the Senior Debt and (ii) in payment to the Hedging Banks for application towards the Hedging Debt, in each case pro rata; and
- Third: to the extent there is a surplus, to the Obligors.

Restricted Amendments

The Intercreditor Agreement restricts certain amendments to the terms of the Hedging Debt, Subordinated Debt and Intercompany Debt. In particular:

- In respect of the Hedging Debt, neither the Hedging Banks nor the Obligors are permitted, without the written consent of the Majority Senior Creditors, to make any amendments to the hedging documents that would result in:
    - an Obligor being subject to more onerous restrictions than those originally provided;
    - any payment being due from an Obligor earlier than originally provided for; or
    - any additional payment being due from an Obligor.
- In respect of the Subordinated Debt, neither the Subordinated Debtors nor Subordinated Creditors shall prior to the Senior Discharge Date, without the written consent of the Majority Senior Creditors (such consent not to be unreasonably withheld or delayed), make any amendment which would:
    - result in the interests of the Lenders or the Hedging Banks or the ranking and/or subordination arrangements provided for in the Intercreditor Agreement being adversely affected;

- impose any material additional obligation on any Subordinated Debtor; or
- result in any Subordinated Debtor becoming liable to make any additional payment or unscheduled payment.

- In respect of the Intercompany Debt neither the Obligors nor any Intercompany creditor shall, prior to the Senior Discharge Date, without the consent of the Majority Senior Creditors Lenders and in respect of any provisions affecting the Subordinated Creditors' rights against the Obligors, the Majority Subordinated Creditors (defined below), and following the Senior Discharge Date but prior to the Subordinated Discharge Date make any amendment which would:
  - result in the interests of the Lenders or the Subordinated Lenders or the ranking and/or subordination arrangements provided for in the Intercreditor Agreement being adversely affected;
  - impose any material additional obligation on any Obligor; or
  - result in any Obligor becoming liable to make any additional payment or unscheduled payment.

"Majority Subordinated Creditors" means the Subordinated Creditors whose share in the outstanding Subordinated Debt then aggregate 66⅔% or more of the aggregate of all outstanding Subordinated Debt.

Equalization and Loss Sharing

In the event that any Senior Creditor makes any Recovery (defined therein) other than by reason of a receipt by the Security Agent falling to be dealt with as described in "Security—Distribution of Proceeds" it shall inform the Security Agent of such receipt, and pay to the Security Agent such sum as the Security Agent determines represents the amount by which such payment exceeds the sum such Lender or Hedging Bank is entitled to.

If for any reason any of the Senior Debt remain undischarged, any losses relating thereto shall be borne between the Senior Creditors pro rata.

Description of the Related Agreements

Telenet Service Agreement

The Telenet Service Agreement is the agreement dated August 16, 2012 and entered into between the Issuer, Telenet International Finance and Telenet NV, pursuant to which Telenet International Finance will agree to reimburse the Issuer for certain recurring costs (the "Recurring Costs") which may be incurred by the Issuer in connection with the offering of the Notes and the subsequent Finco Loans including, but not limited to, fees and disbursements of legal counsel, fees in connection with the appointments of the Trustee and any paying agents in connection with the Notes, fees and expenses incurred in connection with the performance by the Issuer of its business including any indemnification of the Trustee, payments in respect of any applicable taxes owing by the Issuer and any Additional Amounts (as defined in "Description of the Notes") payable in respect of the Notes which the Issuer is required to pay to holders of the Notes; and any amounts equal to any withholding taxes withheld on payments under the Finco Loans to the Issuer, to the extent not grossed up. Telenet International Finance's obligations under the Telenet Service Agreement are limited so that the maximum amount owed by it at any one time does not exceed the greater of € 10 million and the available unused portion at that time of the basket described in paragraph (p) of the definition of "Permitted Financial Indebtedness" in the Senior Credit Facility. The Telenet Service Agreement also provides that Telenet International Finance will agree certain undertakings in order to ensure compliance by the Issuer with certain covenants included in the Indenture. Telenet NV has agreed to guarantee the payment obligations of Telenet International Finance of such sums under the Telenet Service Agreement to the Issuer.

Telenet Fee Letter

The Telenet Fee Letter is the agreement dated August 16, 2012 and entered into between the Issuer, Telenet International Finance and Telenet NV, pursuant to which Telenet International Finance has agreed to pay the Issuer certain upfront fees for a determined amount of non-recurring up-front fees (the "Non-Recurring Costs") incurred by the Issuer in connection with its accession to the Senior Credit Facility pursuant to the Facility U Accession Agreement, the Facility V Accession Agreement and the subsequent Finco Loans. Telenet NV has agreed to guarantee the payment obligations of Telenet International Finance of such sums under the Telenet Fee Letter to the Issuer.

DESCRIPTION OF OTHER INDEBTEDNESS OF TELENET

Telenet Finance Luxembourg Notes and Facility M under the Senior Credit Facility

On November 3, 2010, Telenet Finance Luxembourg, an unaffiliated special purpose financing company created for the primary purpose of issuing senior notes, issued €500.0 million principal amount of 6 3/8% senior secured notes due 2020 at par (the "Telenet Finance Luxembourg Notes"). Telenet Finance Luxembourg used the proceeds from the Telenet Finance Luxembourg Notes to fund a new Facility M under the Senior Credit Facility, with Telenet International Finance, a direct subsidiary of Telenet NV, as the borrower. Telenet International Finance used approximately €202 million of the proceeds from Facility M to repay tranches H, I and L2 under the Senior Credit Facility, respecitvely, and to service certain payments to Telenet Finance Luxembourg in connection with the issuance of the Telenet Finance Luxembourg Notes. The remainder of the proceeds from the new Facility M was used for the general corporate purposes of the Telenet Group.

Telenet Finance Luxembourg is dependent on payments from Telenet International Finance under Facility M in order to service its payment obligations under the Telenet Finance Luxembourg Notes. Although Telenet International Finance has no equity or voting interest in Telenet Finance Luxembourg, the Facility M loan creates a variable interest in Telenet Finance Luxembourg for which Telenet International Finance is the primary beneficiary, as contemplated by IFRS. As such, Telenet International Finance and its parent entities, including Telenet Group Holding, are required by the provisions of IFRS to consolidate Telenet Finance Luxembourg following the issuance of the Telenet Finance Luxembourg Notes. Accordingly, the amounts outstanding under Facility M will be eliminated within Telenet Group Holding's consolidated financial statements.

The Telenet Finance Luxembourg Notes have been issued pursuant to an indenture, dated November 3, 2010. Facility M is made pursuant to a Facility M Accession Agreement (the "Facility M Accession Agreement"). Pursuant to the Facility M Accession Agreement, the call provisions, maturity and applicable interest rate for Facility M are the same as those of the Telenet Finance Luxembourg Notes. Telenet Finance Luxembourg, as a lender under the Senior Credit Facility Facility, will be treated the same as the other lenders under the Senior Credit Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders.

Telenet Finance Luxembourg is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the Telenet Finance Luxembourg Notes.

Telenet Finance Luxembourg Notes are non-callable until November 15, 2015. At any time prior to January 15, 2015, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility M), Telenet Finance Luxembourg will redeem an aggregate principal amount of the Telenet Finance Luxembourg Notes equal to the amount of Facility M prepaid, at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on November 15, 2015, plus (2) all required remaining scheduled interest payments due through November 15, 2015, computed using the discount rate specified in the indenture, over (b) the principal amount of the Telenet Finance Luxembourg Notes on the redemption date and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after November 15, 2015, upon the occurrence of an Early Redemption Event (as defined in the indenture), Telenet Finance Luxembourg will redeem an aggregate principal amount of the Telenet Finance Luxembourg Notes equal to the principal amount of Facility M prepaid at the redemption prices set forth in the indenture governing the Telenet Finance Luxembourg Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

Telenet Finance Luxembourg II Notes and Facility N under the Senior Credit Facility

On November 26, 2010, Telenet Finance Luxembourg II, an unaffiliated special purpose financing company created for the primary purpose of issuing senior notes, issued €100.0 million principal amount of 5.3% senior secured fixed rate notes at 101.75% (the "Telenet Finance Luxembourg II Notes"). Telenet Finance Luxembourg II used the proceeds from the Telenet Finance Luxembourg II Notes to fund a new Facility N under the Senior Credit Facility, with Telenet International Finance, a direct subsidiary of Telenet NV, as the borrower. Telenet International Finance used the proceeds from Facility N for the general corporate purposes of the Telenet Group.

Telenet Finance Luxembourg II is dependent on payments from Telenet International Finance under Facility N in order to service its payment obligations under the Telenet Finance Luxembourg II Notes. Although

Telenet Internation Finance has no equity or voting interest in Telenet Finance Luxembourg II, the Facility N loan creates a variable interest in Telenet Finance Luxembourg II for which Telenet International Finance is the primary beneficiary, as contemplated by IFRS. As such, Telenet International Finance and its parent entities, including Telenet Group Holding, are required by the provisions of IFRS to consolidate Telenet Finance Luxembourg II following the issuance of the Telenet Finance Luxembourg II Notes. Accordingly, the amounts outstanding under Facility N will be eliminated within Telenet Group Holding's consolidated financial statements.

The Telenet Finance Luxembourg II Notes have been issued pursuant to a trust deed, dated November 26, 2010. Facility N is made pursuant to a Facility N Accession Agreement (the "Facility N Accession Agreement"). Pursuant to the Facility N Accession Agreement, the call provisions, maturity and applicable interest rate for Facility N are the same as those of the Telenet Finance Luxembourg II Notes. Telenet Finance Luxembourg II, as a lender under the Senior Credit Facility, will be treated the same as the other lenders under the Senior Credit Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders.

Telenet Finance Luxembourg II is prohibited from incurring any additional indebtedness, subject to certain exceptions under the trust deed governing the Telenet Finance Luxembourg II Notes.

Telenet Finance Luxembourg II Notes are non-callable until November 15, 2013. On or after November 15, 2013, upon a voluntary prepayment of Facility N, Telenet Finance Luxembourg II will redeem an aggregate principal amount of the Telenet Finance Luxembourg II Notes equal to the principal amount of Facility N prepaid at the redemption prices set forth in the trust deed governing the Telenet Finance Luxembourg II Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

Telenet Finance III Luxembourg Notes and Facility O under the Senior Credit Facility

On February 15, 2011, Telenet Finance III Luxembourg, an unaffiliated special purpose financing company created for the primary purpose of issuing senior notes, issued €300.0 million principal amount of 6 5/8% senior secured notes due 2021 at par (the "Telenet Finance III Luxembourg Notes"). Telenet Finance III Luxembourg used the proceeds from the Telenet Finance III Luxembourg Notes to fund a new Facility O under the Senior Credit Facility, with Telenet International Finance, a direct subsidiary of Telenet NV, as the borrower. Telenet International Finance used approximately €286.5 million of the proceeds from Facility O to repay tranches K and L1 under the Senior Credit Facility, respectively, and to service certain payments to Telenet Finance III Luxembourg in connection with the issuance of the Telenet Finance III Luxembourg Notes. The remainder of the proceeds from the new Facility O was used for the general corporate purposes of the Telenet Group.

Telenet Finance III Luxembourg is dependent on payments from Telenet International Finance under Facility O in order to service its payment obligations under the Telenet Finance III Luxembourg Notes. Although Telenet International Finance has no equity or voting interest in Telenet Finance III Luxembourg, the Facility O loan creates a variable interest in Telenet Finance III Luxembourg for which Telenet International Finance is the primary beneficiary, as contemplated by IFRS. As such, Telenet International Finance and its parent entities, including Telenet Group Holding, are required by the provisions of IFRS to consolidate Telenet Finance III Luxembourg following the issuance of the Telenet Finance III Luxembourg Notes. Accordingly, the amounts outstanding under Facility O will be eliminated within Telenet Group Holding's consolidated financial statements.

The Telenet Finance III Luxembourg Notes have been issued pursuant to an indenture, dated February 15, 2011. Facility O is made pursuant to a Facility O Accession Agreement (the "Facility O Accession Agreement"). Pursuant to the Facility O Accession Agreement, the call provisions, maturity and applicable interest rate for Facility O are the same as those of the Telenet Finance III Luxembourg Notes. Telenet Finance III Luxembourg, as a lender under the Senior Credit Facility Facility, will be treated the same as the other lenders under the Senior Credit Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders.

Telenet Finance III Luxembourg is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the Telenet Finance III Luxembourg Notes.

Telenet Finance III Luxembourg Notes are non-callable until February 15, 2016. At any time prior to February 15, 2016, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility O), Telenet Finance III Luxembourg will redeem an aggregate principal amount of the Telenet Finance III Luxembourg Notes equal to the amount of Facility O prepaid, at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on February 15, 2016, plus (2) all required remaining scheduled interest payments due through February 15, 2016, computed using the discount rate specified in the indenture, over (b) the principal amount of the Telenet Finance III Luxembourg Notes on the redemption date and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after February 15, 2016, upon the occurrence of an Early Redemption Event (as defined in the indenture), Telenet Finance Luxembourg will redeem an aggregate principal amount of the Telenet Finance III Luxembourg Notes equal to the principal amount of Facility O prepaid at the redemption prices set forth in the indenture governing the Telenet Finance III Luxembourg Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

Telenet Finance IV Luxembourg Notes and Facility P under the Senior Credit Facility

On June 15, 2011, Telenet Finance IV Luxembourg, an unaffiliated special purpose financing company created for the primary purpose of issuing senior notes, issued €400.0 million principal amount of senior secured floating rate notes due 2021 at par (the "Telenet Finance IV Luxembourg Notes"). Telenet Finance IV Luxembourg used the proceeds from the Telenet Finance IV Luxembourg Notes to fund a new Facility P under the Senior Credit Facility, with Telenet International Finance as the borrower. Telenet International Finance used approximately €400 million of the proceeds from Facility P to repay tranches G and J under the Senior Credit Facility, respectively, and to service certain payments to Telenet Finance IV Luxembourg in connection with the issuance of the Telenet Finance IV Luxembourg Notes. The remainder of the proceeds from the new Facility P was used for the general corporate purposes of the Telenet Group.

Telenet Finance IV Luxembourg is dependent on payments from Telenet International Finance under Facility P in order to service its payment obligations under the Telenet Finance IV Luxembourg Notes. Although Telenet International Finance has no equity or voting interest in Telenet Finance IV Luxembourg, the Facility P loan creates a variable interest in Telenet Finance IV Luxembourg for which Telenet International Finance is the primary beneficiary, as contemplated by IFRS. As such, Telenet International Finance and its parent entities, including Telenet Group Holding, are required by the provisions of IFRS to consolidate Telenet Finance IV Luxembourg following the issuance of the Telenet Finance IV Luxembourg Notes. Accordingly, the amounts outstanding under Facility P will be eliminated within Telenet Group Holding's consolidated financial statements.

The Telenet Finance IV Luxembourg Notes have been issued pursuant to an indenture, dated June 15, 2011. Facility P is made pursuant to a Facility P Accession Agreement (the "Facility P Accession Agreement"). Pursuant to the Facility P Accession Agreement, the call provisions, maturity and applicable interest rate for Facility P are the same as those of the Telenet Finance IV Luxembourg Notes. Telenet Finance IV Luxembourg, as a lender under the Senior Credit Facility Facility, will be treated the same as the other lenders under the Senior Credit Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders.

Telenet Finance IV Luxembourg is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the Telenet Finance IV Luxembourg Notes.

Telenet Finance IV Luxembourg Notes are non-callable until June 15, 2014. At any time prior to June 15, 2014, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility P), Telenet Finance IV Luxembourg will redeem an aggregate principal amount of the Telenet Finance IV Luxembourg Notes equal to the amount of Facility P prepaid, at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on June 15, 2014, plus (2) all required remaining scheduled interest payments due through June 15, 2014, computed using the discount rate specified in the indenture, over (b) the principal amount of the Telenet Finance IV Luxembourg Notes on the redemption date and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after June 15, 2014, upon the occurrence of an Early Redemption Event (as defined in the indenture), Telenet Finance Luxembourg will redeem an aggregate principal amount of the Telenet Finance IV Luxembourg Notes equal to the principal amount of Facility P prepaid at the redemption prices set forth in the indenture governing the Telenet Finance IV Luxembourg Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

DESCRIPTION OF THE NOTES

Telenet Finance V Luxembourg S.C.A. (the **"Issuer"**) issued €450 million of its 6¼% senior secured notes due 2022 (the **"2022 Notes"**) and €250 million of its 6¾% senior secured notes due 2024 (the **"2024 Notes"** and together with the 2022 Notes, the **"Notes"**) under an indenture (the **"Indenture"**) dated August 16, 2012 by and among itself, The Bank of New York Mellon as trustee (the **"Trustee"**), transfer agent and principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A. as registrar in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the **"U.S. Securities Act"**). The Notes Security Documents referred to below under the caption "—Security" define the terms of the mortgages, charges and/or assignments that will secure the Notes.

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions". In this description:

(1) the term **"Telenet NV"** refers only to Telenet NV and not to any of its subsidiaries;

(2) the term **"Telenet Group"** refers to Telenet and its subsidiaries; and

(3) the term **"Telenet International Finance"** refers only to Telenet International Finance S.à r.l. and not to any of its subsidiaries.

The following is a description of the material provisions of the Indenture and refers to the Senior Credit Facility, the Finco Accession Agreements, the Telenet Fee Letter, the Telenet Service Agreement and the Notes Security Documents. It does not restate those agreements in their entirety. We urge you to read the Indenture, the Senior Credit Facility, the Finco Accession Agreements, the Telenet Fee Letter, the Telenet Service Agreement and the Notes Security Documents for a more complete description of your direct and indirect rights as holders of the Notes. Copies of the Indenture, the Senior Credit Facility, the Finco Accession Agreements (also referred to individually in the Listing Particulars as the "Facility U Accession Agreement" and the "Facility V Accession Agreement"), the Telenet Fee Letter, the Telenet Service Agreement and the Notes Security Documents are available as described below under "—Additional Information". The Senior Credit Facility is attached as Annex A to these Listing Particulars, and the form of each Finco Accession Agreements is attached as Annex B to these Listing Particulars.

The Notes will initially not be held in definitive form and the registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Structure of the Offering

In connection with the offering of the Notes, the Issuer entered into two Finco Accession Agreements with Telenet International Finance and the facility agent under the Senior Credit Facility pursuant to which the Issuer made available to Telenet International Finance (i) an additional facility under the Senior Credit Facility in a principal amount equal to the aggregate principal amount of the 2022 Notes issued in the offering and (ii) an additional facility under the Senior Credit Facility in a principal amount equal to the aggregate principal amount of the 2024 Notes issued in the offering. On the Issue Date, the Issuer advanced the proceeds of the issuance of the 2022 Notes and the 2024 Notes to Telenet International Finance pursuant to the relevant Finco Accession Agreement.

The Issuer, as a lender under the Senior Credit Facility (a **"Telenet Lender"**), is treated the same as all other lenders under that facility and has benefits, rights and protections that are similar to those benefits, rights and protections afforded to other Telenet Lenders. Through the covenants in the Indenture and the security interests over all of the issued shares of the Issuer held by the Foundation and all the issued shares of the GP, and the security interests over the Finco Loans granted to the Trustee on behalf of itself and the holders of the Notes to secure the Issuer's obligations under the Notes, the holders of Notes are provided indirectly with the benefits, rights and protections granted to the Issuer as a Telenet Lender, including the indirect benefit of the covenants contained in the Senior Credit Facility, the guarantees granted by the members of the Telenet Group that are guarantors under the Senior Credit Facility and the security granted for the benefit of the Telenet Lenders. See "Description of the Senior Credit Facility". Thus, in the case of the ongoing obligations of the Telenet Group and Telenet International Finance under the Senior Credit Facility, the Issuer will be treated in the same way as the other Telenet Lenders, with the right to vote as part of the lending group at the direction of the holders of the Notes and to receive principal and interest on the Finco Loans, which it will in turn use to make payments on the Notes. For a description of procedures under the Indenture and the Finco Accession Agreements regarding voting rights of holders of the Notes with respect to decisions under the Senior Credit Facility, see below under "—Amendment, Supplement and Waiver—To the Senior Credit Facility or the Finco Accession Agreements".

Under the Senior Credit Facility, to the extent the Telenet Group is in compliance with certain financial ratios, the borrowers under the Senior Credit Facility, at their discretion and without the consent of the Telenet Lenders, are permitted to incur additional pari passu indebtedness pursuant to additional facilities under the Senior Credit Facility (the existing facilities, and any additional facilities under the Senior Credit Facility, the **"Facilities"**), which benefit from the protections provided to all Telenet Lenders, including the representations and warranties, covenants, guarantees and security provided thereunder. For a further description of the Senior Credit Facility, see "Description of the Senior Credit Facility". The Senior Credit Facility is attached as Annex A to these Listing Particulars.

However, the Senior Credit Facility limits the ability of the Telenet Group to issue the Notes directly. As a result, we have implemented the structure for this offering pursuant to which the Issuer will loan the proceeds of this offering of the Notes to Telenet International Finance, thus indirectly affording holders of Notes the ability to participate in the Senior Credit Facility.

On the Issue Date, the gross proceeds of the offering of the Notes, together with the fees payable to the Issuer from Telenet International Finance under the Telenet Fee Letter, were used by the Issuer to fund (i) a loan in a principal amount equal to €450 million (**"Finco Loan U"**) borrowed under an additional facility (**"Finco Facility U"**) under the Senior Credit Facility and (ii) a loan in a principal amount equal to €250 million ("**Finco Loan V**" and together with Finco Loan U, the **"Finco Loans"**) borrowed under an additional facility (**"Finco Facility V"**) under the Senior Credit Facility, and the Issuer became a Telenet Lender. In addition to indirect benefits arising from the protections and security afforded to the Issuer as a Telenet Lender, holders of Notes also benefit directly from the first-ranking security interests in the Note Collateral described below under "—Security".

The principal amount of the 2022 Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, will be identical to the corresponding provisions of Finco Loan U, and the principal amount of the 2024 Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, will be identical to the corresponding provisions of Finco Loan V.

Further, if an Event of Default is continuing under the Indenture or the Notes, holders of Notes will be entitled to direct the Trustee to enforce their rights under the Notes, the Indenture and the Note Security Documents, in which case the holders of Notes will have multiple available remedies (through the Trustee), including:

- declaring the Notes due and payable (other than an Event of Default arising from a Telenet Event of Default, as defined below under "—Events of Default and Remedies");
- enforcing all rights available to the Issuer as a Telenet Lender, subject to any limitations set forth in the Senior Credit Facility;
- enforcing the security over the shares of the Issuer and/or the Issuer's bank accounts and directing performance by the Issuer of its obligations under certain agreements and other documents to which it is a party;
- requiring the Issuer to sell the Finco Loans to third parties; and/or
- exchanging their Notes for Telenet Loans.

For more information on Events of Default and Remedies, see "—Events of Default and Remedies".

The Finco Loans

The gross proceeds from the issuance of the Notes, together with the fees payable to the Issuer from Telenet International Finance under the Telenet Fee Letter, were used by the Issuer to fund the Finco Loans pursuant to the Finco Facilities under the Senior Credit Facility. As of June 30, 2012, as adjusted to give effect to the borrowing of the Finco Loans and the drawing down of amounts available under Facilities Q2 (€74.0 million) and R2 (€50.0 million) in connection with the 2012 August Capital Reduction (as defined in these Listing Particulars), €3,404.6 million (equivalent) of borrowings would have been outstanding under the Senior Credit Facility, of which €700.0 million, or 20.6% of the aggregate principal amount outstanding under the Senior Credit Facility, would have been the Finco Loans.

Certain Transaction Documents

Finco Accession Agreements. In connection with Finco Loan U, the Issuer and Telenet International Finance entered into an accession agreement ("**Finco Accession Agreement U**") (also referred to elsewhere in these Listing Particulars as the "Facility U Accession Agreement") and in connection with Finco Loan V, the Issuer and Telenet International Finance entered into an accession agreement ("**Finco Accession Agreement V**" (also referred to elsewhere in these Listing Particulars as the "Facility V Accession Agreement") and together with Finco Accession Agreement U, the "**Finco Accession Agreements**") pursuant to each of which the Issuer acceded to the Senior Credit Facility as a Telenet Lender. Finco Accession Agreement U sets out the principal economic terms of Finco Facility U and Finco Accession Agreement V sets out the principal economic terms of Finco Facility V. The form of each Finco Accession Agreement is attached as Annex B to these Listing Particulars.

Having acceded to the Senior Credit Facility pursuant to the Finco Accession Agreements, the Issuer benefits from all the rights of a lender under the Senior Credit Facility, including the protections of the affirmative, negative and financial covenants and events of default set out in the Senior Credit Facility. In addition, the Finco Loans will be secured by the assets of the Telenet Group granted to the Telenet Security Agent to secure the Telenet Loans.

Each Finco Accession Agreement will be similar in form to the accession agreement entered into by other Telenet Lenders and will include additional rights that are specific to the relevant Finco Loan, including the maturity date of, the rate of interest accruing on, and the interest periods applicable to the relevant Finco Loan. In addition, each Finco Accession Agreement provides for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the relevant Finco Loan that will enable the Issuer to pay the premiums applicable to corresponding redemptions of the 2022 Notes and/or the 2024 Notes (as applicable), as described below under "—Redemption and Repurchase". Each Finco Accession Agreement will constitute a "Finance Document" for purposes of the Senior Credit Facility.

In addition, Telenet NV will, pursuant to the Senior Credit Facility and the Finco Accession Agreements, agree not to arrange an Additional Facility (as defined Senior Credit Facility) if (in addition to any applicable requirements set forth in clause 2.8(e) of the Senior Credit Facility):

(1) after giving effect to the utilisation (and, for the avoidance of doubt, the application of the net proceeds) of the Total Telenet Additional Facility Commitments under such Telenet Additional Facility, the ratio of Net Total Debt to Consolidated Annualized EBITDA would be greater than 5.00:1; and

(2) after giving effect to the utilisation (and, for the avoidance of doubt, the application of the net proceeds) of the Total Telenet Additional Facility Commitments under such Telenet Additional Facility, the ratio of Net Total Senior Debt (as defined below) to Consolidated Annualized EBITDA would be greater than 4.50:1.

"Net Total Senior Debt" means, at any time, that part of Total Debt which is attributable to indebtedness outstanding under the Finance Documents less Cash and Cash Equivalents. Terms used in this paragraph and not otherwise defined in this description have the meanings given to them in the Senior Credit Facility.

Furthermore, following a Telenet Group Transfer:

(a) if the holders of a majority of the aggregate principal amount of the Notes consent to the Telenet Group Transfer, Telenet International Finance may, at its option, voluntarily prepay a principal amount of Finco Loan U and/or the Finco Loan V equal to the aggregate principal amount of the relevant series of Notes whose holders did not consent to the Telenet Group Transfer plus accrued and unpaid interest to the date of prepayment (which prepayment date will be the date of redemption of the Notes as described in clause (a) of the first paragraph under the caption "Redemption and Repurchase—Transfer of Shares of Telenet NV") plus an additional payment equal to 1% of the principal amount of Finco Loan U and/or Finco Loan V prepaid (as applicable); or

(b) if the holders of a majority of the aggregate principal amount of the Notes do not consent to the Telenet Group Transfer, Telenet International Finance has agreed that it will prepay Finco Loan U and Finco Loan V in a principal amount equal to the aggregate principal amount of the relevant series of Notes tendered in the offer to purchase described in clause (b) of the first paragraph under the caption "Redemption and Repurchase—Transfer of Shares of Telenet NV" plus accrued and unpaid interest to the date of purchase plus an additional payment equal to 1% of the principal amount of Finco Loan U and/or Finco Loan V prepaid on the date of purchase described in such clause (b).

Each Finco Accession Agreement will further provide that the Issuer will accede to the Intercreditor Agreement as a lender and will be bound by the terms and provisions of the Intercreditor Agreement in its capacity as a lender.

Telenet Fee Letter. The Issuer, Telenet International Finance and Telenet NV entered into a fee letter (the "**Telenet Fee Letter**") relating to the payment by Telenet International Finance of certain up-front fees to the Issuer. Under the Telenet Fee Letter, Telenet NV guarantees the obligations of Telenet International Finance to the Issuer under the Telenet Fee Letter.

Telenet Service Agreement. The Issuer, Telenet International Finance and Telenet NV entered into a service agreement (the "**Telenet Service Agreement**") in respect of the reimbursement by Telenet International Finance of certain ongoing obligations of the Issuer, including in respect of the maintenance of the Issuer's existence, the payment of certain tax liabilities of the Issuer, the payment of Additional Amounts pursuant to the Indenture following certain tax events and the payment of additional interest required to be paid under the Notes on overdue principal and interest. The reimbursement obligations of Telenet International Finance under the Telenet Service Agreement are limited so that the maximum amount owed at any one time does not exceed the greater of €10 million and the available unused portion at that time of the basket described in paragraph (p) of the definition of Permitted Financial Indebtedness in the Senior Credit Facility. Failure by the Issuer to pay any Additional Amounts or default interest on the Notes will constitute a Default under the Indenture whether or not such amounts exceed the amount payable by Telenet International Finance under the Telenet Service Agreement.

The Telenet Service Agreement also provides that Telenet International Finance will agree to certain undertakings in order to ensure compliance by the Issuer with certain covenants included in the Indenture. Under the Telenet Service Agreement, Telenet NV agrees to guarantee the obligations of Telenet International Finance to the Issuer.

The Finco Accession Agreements, the Telenet Fee Letter and the Telenet Service Agreement are collectively referred to herein as the "Transaction Documents".

Brief Description of the Notes

The Notes:

- will be general obligations of the Issuer;
- will be secured by the Note Collateral; and
- will rank pari passu in right of payment to all Financial Indebtedness of the Issuer that is not subordinated to the Notes.

The Issuer will not be entitled to incur any additional Financial Indebtedness. See "—Certain Covenants—Limitations with Respect to Business Activities of the Issuer".

The Issuer

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. All of the Issuer's issued ordinary shares are held by the Foundation and the Issuer's general partner share is held by the GP. The Foundation is a foundation established under the laws of the Netherlands, and the GP is a private limited company incorporated under the laws of Luxembourg. The Issuer has no material business operations and upon completion of this offering will have no material assets other than the Finco Loans advanced in connection with the offering of the Notes as described below under "—Finco Accession Agreements and the Senior Credit Facility" and its rights under the Transaction Documents. The Issuer is dependent on payments by Telenet International Finance under the Finco Loans in order to service its obligations under the Notes. The Issuer will file U.S. Internal Revenue Service Form 8832, electing to be treated as a partnership or a disregarded entity for U.S. federal tax purposes, to be effective on or prior to the issuance of the Notes.

Finco Accession Agreements and the Senior Credit Facility

The proceeds from the issuance of the Notes were used by the Issuer to fund the Finco Loans, denominated in euro, to Telenet International Finance under the Finco Facilities.

Under the terms of the Senior Credit Facility, the Finco Accession Agreements and the related arrangements described below, the Issuer benefits from:

(1) all the rights of a Telenet Lender under the Senior Credit Facility and the Finco Accession Agreements, including the indirect benefit of the Senior Facility Collateral and the guarantees of the Senior Facility Guarantors;

(2) rights under the Telenet Fee Letter relating to certain fees payable to the Issuer in connection with the entering into of the Finco Accession Agreements and the advancing of the Finco Loans;

(3) rights under the Telenet Service Agreement relating to the payment of (i) the fees and expenses of the Issuer incurred from time to time in connection with or related to the Issuer's performance of its obligations under the Indenture and the maintenance of the Issuer's existence, (ii) certain tax liabilities of the Issuer, (iii) any Additional Amounts, if any, payable under the Indenture and (iv) any additional interest required to be paid under the Notes on overdue principal and interest; and

(4) rights under the Telenet Service Agreement relating to the obligations of Telenet International Finance to ensure compliance by the Issuer with the covenants described below under "—Redemption and Repurchase—Redemption with Disposal Proceeds", "—Redemption and Repurchase—Open Market Purchases of Telenet Loans", "—Certain Covenants—Maintenance of Rating", "—Certain Covenants—Minimum Period for Consents under Loan Documents", "—Certain Covenants—Payments for Consents", "—Certain Covenants—Amendments to Loan Documents to be Applied Equally to all Telenet Lenders".

Under the Senior Credit Facility, Telenet Lenders are not allowed to split or divide their votes with respect to matters arising thereunder requiring the vote (or other consent) of Telenet Lenders. For a description of procedures under the Indenture regarding voting rights of holders of the Notes with respect to decisions under the Senior Credit Facility, see below under "—Amendment, Supplement and Waiver—To the Senior Credit Facility or the Finco Accession Agreements".

References in this Description of the Notes and the Indenture to numbered clauses or sections in the Senior Credit Facility refer to such clauses or sections as numbered as of the date of the Indenture and, in the event the Senior Credit Facility is amended or supplemented after the date of the Indenture, to any substantially similar clause or section after such amendment or supplement whether numbered the same or differently after such amendment or supplement.

For a further description of the Senior Credit Facility, see "Description of the Senior Credit Facility".

Senior Credit Facility Collateral

Each Finco Loan will be secured by the security interests on substantially all assets of the Telenet Group granted to the Telenet Security Agent to secure the Telenet Loans. The Telenet Loans are secured on a first-ranking basis by substantially all of the properties and assets of the borrowers and Senior Facility Guarantors, and certain other security providers, under the Senior Credit Facility (collectively, the "**Senior Facility Collateral**"), including:

(a) share pledges over all the shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance;

(b) mortgages over all real property and the network assets of Telenet NV and Telenet Vlaanderen NV;

(c) floating charges over all moveable property of Telenet NV and Telenet Vlaanderen NV;

(d) pledges on bank accounts and of all present and future receivables of Telenet Group Holding, Telenet NV and Telenet Vlaanderen NV; and

(e) pledges on bank accounts and of all present and future intercompany receivables granted by Telenet International Finance.

For a further description of the security with respect to the Telenet Loans and the Senior Credit Facility, see "Description of the Senior Credit Facility—Security".

Note Collateral

In addition, subject to limitations under Luxembourg law described above, the holders of the Notes benefit directly from first-ranking security interests to be granted to the Trustee on behalf of itself and the holders of the Notes in the following rights, property and assets (collectively, the "**Note Collateral**"):

(1) all of the issued shares of the Issuer held by the Foundation and all of the issued shares of the GP;

(2) the following assets of the Issuer:

   (a) the Issuer's rights to and benefit in the Finco Loans (including all rights of the Issuer as a Telenet Lender under the Senior Credit Facility and the Finco Accession Agreements) (the "**Telenet Loan Collateral**");

   (b) the Issuer's rights under the Telenet Fee Letter (the "**Telenet Fee Letter Collateral**");

   (c) the Issuer's rights under the Telenet Service Agreement (excluding the Issuer's rights to be indemnified in respect of fees, costs, expenses and any other amounts payable to parties that do not benefit from the security interests in the Note Collateral) (the "**Telenet Service Agreement Collateral**"); and

   (d) sums of money held from time to time in all bank accounts of the Issuer (the "**Bank Account Collateral**").

The Trustee will enter into the Notes Security Documents relating to the Note Collateral described above with the other relevant parties thereto. The first-ranking security interests in the Note Collateral will secure the performance of the obligations of the Issuer under the Indenture and the Notes as provided in the relevant Notes Security Document and to the extent specified therein, subject to the provisions, among others, described below under "—Events of Default and Remedies" and "—Amendment, Supplement and Waiver".

The Notes Security Documents provide for the Trustee to release the security created thereby upon discharge of the Indenture, in accordance with its terms, as described below under "—Satisfaction and Discharge".

Neither the Trustee nor any of its respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any property securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Notes Security Documents, for the creation, perfection, priority, sufficiency or protection of any security interest under any Notes Security Document, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Notes Security Documents or any delay in doing so.

Limited Recourse Obligations

The obligations of the Issuer under the Indenture, the Notes and the Note Security Documents to which it is a party will be limited as set forth in the Indenture. All payments to be made by the Issuer under the Indenture (including any Additional Amounts), the Notes and the Notes Security Documents to which it is a party will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer or the Trustee under the Note Collateral, including the Issuer's right under the Senior Credit Facility and the Transaction Documents and none of the Trustee, the Principal Paying Agent, the Registrar or the holders of Notes will have any further recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer under the Indenture, the Notes and the Note Security Documents exceeds the amounts so received or recovered under the Note Collateral, including the Issuer's right under the Senior Credit Facility and the Transaction Documents.

In addition, holders of the Notes will not have a direct claim on the cash flow or assets of any member of the Telenet Group and no member of the Telenet Group will have any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of Telenet International Finance and the Senior Facility Guarantors to make payments to Telenet Lenders under the Senior Credit Facility and the Finco Accession Agreements.

Because the holders of Notes will benefit from the assignment of rights under certain agreements between the Issuer and members of the Telenet Group, in certain circumstances described below under "—Events of Default and Remedies", the Trustee, on behalf of the holders of the Notes, will be able to assert the contractual rights of the Issuer against members of the Telenet Group (and in an enforcement action holders of Notes may instruct the Trustee to demand such performance); however, these rights are limited to the Issuer's contractual rights against the Telenet Group and provide for no direct claims into the Telenet Group.

No member of the Telenet Group will guarantee the Issuer's obligations under the Notes.

Principal, Maturity and Interest

The Issuer issued in this offering €450 million in aggregate principal amount of 2022 Notes and €250 million in aggregate principal amount of 2024 Notes.

The Issuer issued Notes in denominations of €100,000 and integral multiples of €1,000 above €100,000. Notes were only issued in minimum denominations of €100,000 principal amount. The 2022 Notes will mature on August 15, 2022 and the 2024 Notes will mature on August 15, 2024. On August 15, 2022 the Issuer will redeem the 2022 Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). On August 15, 2024 the Issuer will redeem the 2024 Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Interest on the 2022 Notes will accrue at a rate of 6.250% per annum and interest on the 2024 Notes will accrue at a rate of 6.750% per annum. Interest on the Notes will be payable semi-annually in arrears on August 15 and February 15, commencing February 15, 2013. The Issuer will make each interest payment to the holders of record of the Notes on the immediately preceding August 1 and February 1. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on overdue principal and interest then due will accrue at a rate that is 2.0% higher than the then applicable interest rate on the Notes. Pursuant to the terms of the Telenet Service Agreement described above, Telenet International Finance will make payments to the Issuer to enable it to pay the additional interest required to be paid under the Notes on overdue principal and interest.

Principal Paying Agent and Registrar for the Notes

The Bank of New York Mellon will initially act as Principal Paying Agent and The Bank of New York Mellon (Luxembourg) S.A. as Registrar, respectively for the Notes. The Issuer may change the Principal Paying Agent or Registrar for the Notes, and the Issuer may act as Principal Paying Agent or Registrar for the Notes. In addition, the Issuer undertakes that it will ensure that it maintains a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers ("ECOFIN") meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. Upon written request from the Issuer, the Registrar shall provide the Issuer with a copy of the Register to enable it to maintain a register of the Notes at its registered office.

Security Agent

The Bank of New York Mellon will act as security agent under the Notes Security Documents until such time, if any, that a new Trustee is appointed under the relevant provisions of the Indenture.

Neither the Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any property securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Notes Security Documents, for the creation, perfection, priority, sufficiency or protection of any security interest under any Notes Security Document, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Notes Security Documents or any delay in doing so.

Redemption and Repurchase

Disposal Proceeds

Under the Senior Credit Facility, Telenet NV and Telenet International Finance are required to prepay, or to procure that there is prepaid (in either case, unless otherwise waived in accordance with the provisions of the Senior Credit Facility), the Facilities under the Senior Credit Facility with certain proceeds of asset disposals ("**Disposal Proceeds**"), subject to certain exceptions. See paragraph (13) under "Description of the Senior Credit Facility and the Related Agreements—Senior Credit Facility—Mandatory Prepayment". Telenet NV may elect which Facility or Facilities are to be prepaid in connection with any mandatory prepayment with Disposal Proceeds. Under the Telenet Service Agreement, Telenet NV and Telenet International Finance will agree that with respect to any Disposal Proceeds that are required to be applied to prepay any Facilities pursuant to Clause 7.3 (*Mandatory prepayment from disposal proceeds*) of the Senior Credit Facility, an amount of such Disposal Proceeds that bears the same proportion to the total Disposal Proceeds as the aggregate principal amount that the Finco Loans bear to the aggregate principal amount of all outstanding Telenet Loans (the "**Available Disposal Proceeds**") will be available for prepayment of the Finco Loans.

In respect of the Available Disposal Proceeds, Telenet NV and Telenet International Finance may elect, at their option:

(1) to offer to prepay (a) a principal amount of Finco Loan U equal to the aggregate principal amount of the 2022 Notes tendered in an Asset Sale Offer (as defined below) to be made by the Issuer following receipt of notice from Telenet NV as set forth below and (b) a principal amount of Finco Loan V equal to the aggregate principal amount of the 2024 Notes tendered in an Asset Sale Offer to be made by the Issuer following receipt of notice from Telenet NV as set forth below; provided, however, that the aggregate amount payable under this provision with respect to both Finco Loan U and Finco Loan V, taken together, shall not exceed the amount of the Available Disposal Proceeds; or

(2) to prepay the Finco Loans pro rata in an amount equal to the Available Disposal Proceeds, in which case the Issuer will redeem (a) an aggregate principal amount of the 2022 Notes equal to the amount of Finco Loan U prepaid and (b) an aggregate principal amount of the 2024 Notes equal to the amount of Finco Loan V prepaid,

in each case, as described below.

Asset Sale Offer

Following receipt of notice of an asset disposal from Telenet NV delivered pursuant to Clause 6.1(a) of the Telenet Service Agreement, the Issuer will, within five Business Days of receipt of such notice, make an offer to all holders of Notes (an "**Asset Sale Offer**") to purchase the maximum principal amount of Notes that may be purchased out of the Available Disposal Proceeds stated in such notice at an offer price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, which offer price will be payable in cash.

Under the Telenet Service Agreement, Telenet NV and Telenet International Finance have agreed to pay (or procure the payment of) a principal amount of the Finco Loans pro rata based on the aggregate principal amount of each series of Notes tendered in such Asset Sale Offer in an amount equal to the lesser of (i) the Available Disposal Proceeds and (ii) the aggregate principal amount of Notes tendered in such Asset Sale Offer, and the Issuer will accept for purchase an equal aggregate principal amount of the Notes in such Asset Sale Offer. The Issuer will apply any such prepayment of the Finco Loans, together with all accrued and unpaid interest on the relevant Finco Loan to the date of prepayment, to pay the purchase price of all Notes accepted for purchase in such Asset Sale Offer.

The Issuer and the Trustee will promptly notify Telenet NV and Telenet International Finance of the aggregate principal amount of each series of Notes tendered into such Asset Sale Offer. If the aggregate principal amount of Notes tendered into such Asset Sale Offer exceeds the amount of the Available Disposal Proceeds, the Trustee will select the Notes to be purchased on a pro rata basis, based on the amounts tendered.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale Offer provisions of the Indenture by virtue of such compliance.

Redemption with Disposal Proceeds

Under the Telenet Service Agreement, if Telenet NV and Telenet International Finance elect not to offer to prepay the Finco Loans in an amount equal to the aggregate principal amount of the Notes tendered in an Asset Sale Offer as described above, not to exceed the amount of the Available Disposal Proceeds, they are required to prepay (or procure the payment of) the Finco Loans at the applicable prepayment price for any voluntary prepayment in an amount equal to the Available Disposal Proceeds, plus accrued and unpaid interest on the Finco Loans to the date of prepayment. Telenet NV and Telenet International Finance are required to give not less than ten Business Days' notice of any such prepayment. Any prepayments pursuant to this provision shall be pro rata across the Finco Loans.

Following receipt of prepayment of the Finco Loans described in the preceding paragraph, the Issuer will promptly redeem an aggregate principal amount of the relevant series of Notes equal to the Available Disposal Proceeds at a redemption price in cash equal to the redemption price that would be payable if such Notes were redeemed on such date pursuant to the provisions described below under "—Optional Redemption", subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Transfer of Shares of Telenet NV

Upon the occurrence of a Telenet Group Transfer:

(a) if the holders of a majority of the aggregate principal amount of the Notes outstanding consent to the Telenet Group Transfer, the Issuer will, to the extent Telenet International Finance notifies the Issuer that it intends to prepay a corresponding principal amount of the Finco Loans, redeem all, but not less than all, of the Notes of all holders who do not consent to the Telenet Group Transfer upon not less than 30 nor more than 60 days' notice (which notice of redemption will be given no later than ten Business Days following consummation of the Telenet Group Transfer) at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date); or

(b) if the holders of a majority of the aggregate principal amount of the Notes outstanding do not consent to the Telenet Group Transfer, the Issuer will make an offer to all holders of the Notes to purchase their Notes for cash at a price equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

Telenet NV will promptly notify the Issuer of the occurrence of a Telenet Group Transfer. Within ten days after the occurrence of a Telenet Group Transfer, the Issuer will mail a notice to each holder describing the transaction or transactions that constitute the Telenet Group Transfer and request the holders of the Notes to consent to the Telenet Group Transfer, *provided* that the period during which such holders may consent shall not be less than 15 Business Days from the date such notice is sent to holders. Upon completion of the consent solicitation with respect to the Telenet Group Transfer, the Issuer will promptly notify Telenet NV of the results of such consent solicitation. If the holders of a majority of the aggregate principal amount of the Notes outstanding do not consent to the Telenet Group Transfer, the Issuer will, within ten days after the completion of such consent solicitation, commence the offer to purchase referred to in clause (b) of the preceding paragraph.

The Issuer will comply with the selection and notice provisions of the Indenture in connection with any redemption or offer to purchase conducted in accordance with the provisions of this covenant.

Redemption upon a Change of Control

Upon the occurrence of any mandatory prepayment of any or all of Finco Loan U and Finco Loan V following a Change of Control (as defined under Clause 7.2 (*Mandatory prepayment—change of control) of the Senior Credit Facility*), the Issuer will redeem the corresponding aggregate principal amount of the 2022 Notes and 2024 Notes, as the case may be, subject to and in accordance with the notice provisions of the Senior Credit Facility, at a redemption price equal to 101% of the principal amount of such Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date.

Under the terms of the Senior Credit Facility, upon the occurrence of a Change of Control, the Telenet Loans (including each Finco Loan) will only become due and payable if the Majority Lenders so require. The Issuer, as a Telenet Lender, will be entitled to vote the Finco Loans in accordance with the provisions described below under "—Amendment, Supplement and Waiver—To the Senior Credit Facility or the Finco Accession Agreements". Depending on how the other Telenet Lenders vote in the determination of whether to require prepayment, holders of Notes may have no right to demand redemption of the Notes by the Issuer following the occurrence of a Change of Control.

Optional Redemption

In the event that all or any portion of either Finco Loan is voluntarily prepaid by Telenet NV pursuant to Clause 7.6 (Voluntary Prepayment) of the Senior Credit Facility other than in connection with a Telenet Group Transfer (an "**Early Redemption Event**"), subject to and in accordance with the terms of the Senior Credit Facility and the relevant Finco Accession Agreement, the relevant Finco Accession Agreement provides for the payment of certain additional payments to be made to the Issuer that correspond to the premiums payable to holders of the relevant series of Notes upon early redemption, as described below.

Redemption prior to August 15, 2017

Except as described below under "—Special Optional Redemption" and "—Redemption for Changes in Withholding Taxes," at any time prior to August 15, 2017, upon the occurrence of an Early Redemption Event, the Issuer will redeem (i) an aggregate principal amount of the 2022 Notes equal to the principal amount of Finco Loan U prepaid in such Early Redemption Event (if any) and (ii) an aggregate principal amount of the 2024 Notes equal to the principal amount of Finco Loan V prepaid in such Early Redemption Event (if any), upon not less than 30 days nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the relevant Applicable Premium (calculated as of a date no more than three Business Days prior to the date of the relevant redemption notice), and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Redemption of 2022 Notes on or after to August 15, 2017

On or after August 15, 2017, upon the occurrence of an Early Redemption Event in respect of Finco Loan U, the Issuer will redeem an aggregate principal amount of the 2022 Notes equal to the principal amount of Finco Loan U prepaid in such Early Redemption Event, upon not less than 30 days nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the rights of holders of the 2022 Notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on August 15 of the years set out below:

	Redemption Price
2017	103.125%
2018	102.083%
2019	101.563%
2020 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Redemption of 2024 Notes on or after to August 15, 2018

On or after August 15, 2018, upon the occurrence of an Early Redemption Event in respect of Finco Loan V, the Issuer will redeem an aggregate principal amount of the 2024 Notes equal to the principal amount of Finco Loan V prepaid in such Early Redemption Event, upon not less than 30 days nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the rights of holders of the 2024 Notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on August 15 of the years set out below:

	Redemption Price
2018	103.375%
2019	102.531%
2020	101.688%
2021	100.844%
2022 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Special Optional Redemption

Any gross proceeds of Finco Facility U that are not applied to acquire shares of Telenet Group Holding NV pursuant to the Voluntary Self Tender or to pay fees and expenses related to this offering of Notes and the Voluntary Self Tender will be deemed to be "Excess Offering Proceeds". Prior to the earlier of (i) November 16, 2012 and (ii) ten business days following the payment of the bid price to tendering shareholders in the Voluntary Self Tender, Telenet NV and Telenet International Finance may elect, at their option, one time only on five Business Days' notice (which notice will be irrevocable), to apply such Excess Offering Proceeds to prepay Finco Facility U up to a principal amount equal to €250 million, *provided* that, in any event, at least €200 million of Finco Facility U will remain outstanding immediately after such prepayment.

Following such optional repayment, the Issuer will redeem a corresponding amount of the 2022 Notes (the "**Special Optional Redemption**"), at a redemption price equal to 100% of the principal amount 2022 Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the 2022 Notes on the relevant record date to receive interest due on the relevant interest payment date. Notice of the Special Optional Redemption will be delivered by the Issuer to the Trustee on the date of receipt of the notice of prepayment from Telenet NV and Telenet International Finance (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice") and will provide that the 2022 Notes will be redeemed no later than the date of prepayment of Finco Facility U described above.

Redemption for Changes in Withholding Taxes

Upon the occurrence of an Early Redemption Event effected at any time following the occurrence of an Issuer Tax Event (as defined below) under "—Withholding Taxes" or an optional prepayment of the Finco Loans pursuant to Clause 7.9(a)(i) (Right of repayment and cancellation of a single Lender) of the Senior Credit Facility, the Issuer may redeem the Notes, in whole but not in part, at its discretion at any time, upon not less than 30 days nor more than 60 days' notice (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest then due on the Notes redeemed, to the applicable redemption date (a "**Tax Redemption Date**") (subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date), if, in the case of an Issuer Tax Event only, on the next date on which any amount would be payable in respect of the Notes, the Issuer has or would be required to pay Additional Amounts as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of the Relevant Tax Jurisdiction (as defined below under "—Withholding Taxes") affecting taxation;

(2) any change in official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

and the Issuer cannot avoid any such payment obligation taking reasonable measures available. For this purpose, reasonable measures shall not include the Issuer changing or moving jurisdictions.

In the case of an Issuer Tax Event, the Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Notwithstanding the foregoing, the Issuer may not redeem the Notes under this provision if the Relevant Tax Jurisdiction changes under the Indenture and the Issuer is obligated to pay any Additional Amounts as a result of any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder), or any change in official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings, of the then current Relevant Tax Jurisdiction which, at the time such Relevant Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture, was publicly announced or formally proposed. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of counsel to the effect that there has been such change or amendment. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures (for this purpose, reasonable measures shall not include the Issuer changing or moving jurisdictions) available to it.

The Trustee is entitled to accept such Officer's Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of Notes.

The foregoing provisions regarding redemption for changes in withholding taxes will apply *mutatis mutandis* to any successor to the Issuer after such successor person becomes a party to the Indenture.

Open Market Purchases of Telenet Loans

In the event that any member of the Telenet Group makes any offer to purchase or otherwise acquire any Telenet Loans (whether through a tender offer process or other process) at a price below the relevant prevailing market price for such Telenet Loans, and such offer includes all or a portion of the Finco Loans held by the Issuer, the Issuer shall make a contemporaneous offer to purchase the relevant series of Notes on substantially similar terms as the offer to purchase Telenet Loans; *provided,* (1) in no event will holders of Notes be required to participate in any such offer, (2) the consideration offered to holders of Notes will not be less than the consideration they would have received as Telenet Lenders in connection with such offer to purchase Telenet Loans and (3) Telenet International Finance and/or the Issuer shall have confirmed to the Trustee that such purchases will not result in taxable income for the Issuer, including upon the extinguishment of Indebtedness in connection therewith, or that Telenet NV or Telenet International Finance will have agreed to pay such income tax payable. Prior to undertaking any such repurchases, one or more members of the Telenet Group will enter into arrangements providing for the payment of any fees and expenses incurred in connection with any such offer.

Selection and Notice

If less than all of the Notes or any series of Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis unless otherwise required by law or applicable stock exchange requirements. The Trustee will not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 can be redeemed in part. Notices of redemption will be delivered to holders through the applicable clearing systems in accordance with the procedures specified above. Notices of redemption may not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note, in principal amount equal to the unredeemed portion of the Note, will be issued in the name of the holder of the Note upon cancellation of the original Note, as applicable. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes which have been redeemed on such redemption date.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, and so long as the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes will also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu), and, in connection with any redemption, the Issuer (or a member of the Telenet Group on behalf of the Issuer) will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Withholding Taxes

All payments made by the Issuer or any successor thereto (a "**Payor**") on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Luxembourg or any political subdivision or governmental authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Tax Jurisdiction**"),

will at any time be required from any payments made with respect to the Notes (an "Issuer Tax Event"), including payments of principal, redemption price, interest or premium, the Payor will make such deduction or withholding, make payment of the amount so withheld to the Relevant Tax Jurisdiction and pay such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by each holder of the Notes, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable with respect to:

(a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Tax Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);

(b) any Taxes that would not have been so imposed but for the failure of the holder or beneficial owner of such Note to make a declaration of non-residence or any other claim or filing for exemption to which it is entitled after receiving reasonable written notices, provided that (x) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Tax Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (y) within a reasonable period of time prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Tax Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the Payor or any other person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made;

(c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);

(d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;

(e) any estate, inheritance, gift, sale, transfer, personal property, capital gains, excise or similar tax, assessment or other governmental charge;

(f) any withholding or deduction imposed on a payment and required to be made pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;

(g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another paying agent in a member state of the European Union;

(h) all United States backup withholding taxes; or

(i) any U.S. federal withholding Taxes imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (as amended), as of the date of the indenture (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (g) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Tax Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Tax Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the Payor, other evidence of payment reasonably satisfactory to the Trustee) to each holder. The Payor will attach to each certified copy (or other evidence) a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Listing Agent if the Notes are then listed on the Official List of the Luxembourg Stock Exchange.

Wherever mentioned in the Indenture, the Notes or this description of the Notes, in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference will be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In the event the Payor is required to pay Additional Amounts, pursuant to the terms of the Telenet Service Agreement, Telenet International Finance will pay to the Payor an amount in cash equal to such Additional Amounts to enable the Payor to make such payment.

The foregoing obligations regarding withholding taxes will survive any termination, defeasance or discharge of the Indenture.

Certain Covenants

Limitations with Respect to Business Activities of the Issuer

The Indenture provides that:

(1) the Issuer will not engage in any business activity or undertake any other activity, except any activity: (a) relating to the offering, sale, or issuance of the Notes and the lending or otherwise advancing of the proceeds thereof to the Telenet Group and any other activities in connection therewith, (b) undertaken with the purpose of, and directly related to, fulfilling any other obligations or enforcing any rights under the Indenture, the Finco Loans, the Finco Accession Agreements and any Notes Security Document to which it is a party or any other document relating to the Notes or the Telenet Service Agreement or the Telenet Fee Letter, (c) undertaken as investments in the Finco Loans or cash and Cash Equivalents, or (d) directly related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence;

(2) the Issuer will not take any action which would cause it to no longer satisfy the requirements of an available exemption from the provisions of the U.S. Investment Company Act of 1940, as amended;

(3) the Issuer will not (a) incur any Financial Indebtedness other than as expressly permitted by clause (1) above, (b) guarantee any obligations of any other Person, (c) issue any shares (other than shares issued to the Foundation and the General Partner on or prior to the date of the Indenture), (d) incur any Liens (other than Permitted Issuer Liens) or (e) deposit additional amounts in its Share Capital Account;

(4) for so long as any Notes are outstanding, the Issuer will not commence or take any action or facilitate a winding-up, liquidation, dissolution or other analogous proceeding;

(5) the Issuer will not amend its constitutive documents in any manner which would adversely affect the rights of holders of the Notes in any material respect;

(6) except as otherwise provided herein, the Issuer will take all actions necessary and within its power to prohibit the transfer of the issued shares in the Issuer by the Foundation and the GP, except to the extent set forth below under "—Events of Default and Remedies";

(7) the Issuer will not merge, consolidate, amalgamate or otherwise combine with or into any Person or sell, transfer, lease or otherwise dispose of any material property or assets to any Person (other than any sale or other disposal of property or assets in connection with the incurrence of a Permitted Issuer Lien, following any enforcement action or as otherwise expressly permitted by the Indenture);

(8) the Issuer will use all reasonable efforts to: (a) maintain books and records separate from any other person or entity; (b) maintain its accounts separate from those of any other person or entity; (c) not commingle its assets with those of any other person or entity; (d) conduct its own business in its own name; (e) observe all corporate formalities; (f) maintain an arms'-length relationship with any affiliates; (g) maintain separate financial statements; (h) pay its own liabilities out of its own funds (other than those contemplated under the Finco Loans, the Finco Accession Agreements, the Telenet Fee Letter and the Telenet Service Agreement and any related or similar agreement); (i) use separate stationery; (j) hold itself out as a separate entity; and (k) correct any known misunderstanding regarding its separate identity;

(9) the Issuer (a) will not take any action that would impair any security interests over the Note Collateral benefiting the Notes in any material respect (other than Permitted Issuer Liens) and (b) will take all actions (including making all filings and registrations) that may be necessary for the purpose of the creation, perfection, protection or maintenance of any Note Collateral subject to any Notes Security Document;

(10) the Issuer will use all amounts received (other than amounts not corresponding to required payments under the Notes) under either Finco Loan for application towards amounts payable under the Notes; and

(11) the Issuer will not grant any waiver or agree to any amendment or waive any rights under any of the Transaction Documents, except in compliance with the provisions of "—Amendment, Supplement and Waiver".

Maintenance of the Existence of the Issuer

The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, in accordance with the its constitutional documents (as the same may be amended from time to time) and the rights (contractual and statutory), licenses and franchises of the Issuer.

In addition, the Issuer will agree that, except as described below under "—Events of Default and Remedies", it will not register any transfer of its issued shares by the Foundation or the GP.

Maintenance of Listing

The Issuer will use its reasonable best efforts to list and maintain the listing of the Notes on the Euro MTF Market for so long as the Notes are outstanding; provided, however, that if at any time the Issuer is unable to list the Notes on the Euro MTF Market or if maintenance of such listing becomes unduly burdensome, it will, prior to the delisting of the Notes from the Euro MTF Market, use its reasonable best efforts to list and maintain a listing of the Notes on another "recognized stock exchange" as defined in Section 841 of the Income and Corporation Taxes Act of 1988 of the United Kingdom.

Maintenance of Rating

The Issuer will use its reasonable best efforts to maintain a rating of the Notes by Moody's, provided that, in the event Moody's is no longer available to rate the Notes, the Issuer will use its reasonable best efforts to maintain a rating of the Notes with another "nationally recognized statistical rating organization" as such term is defined for purposes of Section 3(a)(62) of the U.S. Exchange Act, such that in each case at least one "nationally recognized statistical rating organization" rates the Notes. For as long as the Notes are so rated, the Issuer will furnish Moody's or such other nationally recognized statistical rating organization from time to time with any and all documents, instruments, information and undertakings that may be necessary in accordance with Moody's or such other nationally recognized statistical rating organization's normal requirements in respect of the Notes.

Minimum Period for Consents under Loan Documents

In the event that the Issuer, as a Telenet Lender under each Finco Loan, is eligible or required to vote (or otherwise consent) with respect to any request by any member of the Telenet Group for any waiver, amendment or supplement to any Telenet Loan Document or any other determination to be made by the Telenet Lenders, the Issuer will procure the agreement from the applicable member of the Telenet Group that the period during which the Issuer, as a Telenet Lender, will be eligible to validly vote (or otherwise consent) with respect to any such waiver, amendment, supplement or determination will not be less than 15 Business Days from the date when written request for such waiver, amendment or supplement is first made to the Telenet Lenders. The Issuer will distribute to holders of the Notes (or the relevant series of Notes) and all holders of Book-Entry Interests in a Global Note or otherwise make available (including through the facilities of Euroclear and Clearstream) all documents related to any such waiver, amendment, supplement or other determination distributed to the Issuer as a Telenet Lender, including all documentation necessary to enable the holders of Notes to vote in the manner set forth under "—Amendment, Supplement and Waiver", within three Business Days after the date when written request for such waiver, amendment or supplement is first made to the Telenet Lenders.

Payments for Consent

Senior Credit Facility. The Issuer will not, and will procure that no member of the Telenet Group will, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Telenet Lender for or as an inducement to any consent, waiver or amendment under any Telenet Loan Document which is subject to the consent of Majority Lenders or all Telenet Lenders unless (i) such consideration is also offered to be paid to the Issuer (as a Telenet Lender) and (ii) if the Issuer consents, waives or agrees to such consent, waiver or amendment in accordance with the provisions of the Indenture described below under "—Amendment, Supplement and Waiver—To the Senior Credit Facility or the Finco Accession Agreements" in the time frame set forth in the solicitation documents relating thereto (including any amendment or supplement thereto), the Issuer is paid such consideration. The Issuer will promptly pay any such consideration received by it to all consenting holders of Notes on a pro rata basis.

Indenture. The Issuer will not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver, amendment or supplement of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes (or the relevant series of Notes) that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver, amendment or supplement.

Amendments to Loan Documents to be applied equally to all Telenet Lenders

The Issuer will procure that no member of the Telenet Group will amend, waive or supplement any Telenet Loan Document requiring the consent of Majority Lenders or all Telenet Lenders to amend, waive or supplement, unless such amendment, waiver or supplement applies to all Telenet Lenders; provided, this covenant will not apply to (a) any such amendment, waiver or supplement that does not adversely affect the rights of the Issuer or the holders of the Notes in any material respect, (b) any amendment, waiver or supplement consented to by holders of a majority in aggregate principal amount of the then outstanding Notes in compliance with the provisions of the Indenture described below under "—Amendment, Supplement and Waiver—To the Indenture and the Notes" as if such amendment, waiver or supplement were subject to the majority consent provisions described thereunder or (c) such amendment, waiver or supplement has been consented to by the requisite Telenet Lenders (as determined in accordance with the Senior Credit Facility), including the Issuer, but irrespective of whether the Issuer, acting on the instructions of the holders of the Notes in accordance with the terms of the Indenture, has voted in favor of the amendment, waiver, or supplement.

Information

For so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information satisfying the requirements of Rule 144A(d)(4) under the U.S. Securities Act.

Upon receipt from Telnet NV or the Telenet Facility Agent of any report or other information pursuant to the terms of or in respect of the Senior Credit Facility, the Issuer will promptly (and in any event, within three Business Days of receipt) deliver any such report or other information to the holders of Notes. In the event such reports or other information are furnished by or at the direction of Telenet NV or the Telenet Facility Agent to "public" Telenet Lenders via an Internet website or an electronic information provider, the Issuer shall procure that the Trustee, the holders of the Notes and Book-Entry Interests are granted access to such website or electronic information supplier in order to receive such reports or other information at the same time as other "public" Telenet Lenders.

The Issuer will provide to the Trustee and will post by website (or make similar disclosure) and shall make available to potential investors in the Notes, within 150 days after the end of each fiscal year ending subsequent to the Issue Date, the audited consolidated statements of financial positions of the Issuer as of the end of the two most recent fiscal years (or such shorter period as the Issuer has been in existence) and audited consolidated income statements and statements of cash flow of Issuer for the three most recent fiscal years (or such shorter period as the Issuer has been in existence), in each case prepared in accordance with IFRS, including appropriate footnotes to such financial statements and a report of the independent auditors on the financial statements.

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee a statement specifying such Default or Event of Default and the action that is being taken in respect of such Default or Event of Default. The Issuer, Telenet NV and Telenet International will notify promptly the Issuer, the Trustee, the holders of Notes and the holders of Book-Entry Interests in the Notes upon becoming aware of any default (or event that would constitute or would be reasonably likely to result in a default) under the Senior Credit Facility, the Finco Accession Agreement, the Telenet Fee Letter or the Telenet Service Agreement.

Events of Default and Remedies

Events of Default

Each of the following is an "Event of Default":

(1) default for three Business Days in the payment when due of interest on the Notes;

(2) default for one Business Day in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by Issuer to comply with Clauses (4), (5), (7) or (11) under the captions "—Certain Covenants—Limitations with Respect to Business Activities of the Issuer" or the provisions of "—Certain Covenants—Maintenance of Existence of the Issuer" or "—Certain Covenants—Minimum Period for Consents under Loan Documents";

(4) failure by the Issuer for 28 days after notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of Notes then outstanding to comply with any of the agreements in the Indenture (other than those described in clauses (1), (2) and (3) above) or the Notes;

(5) breach by the Issuer, the Foundation or the GP of any material representation or warranty in any Notes Security Document to which it is a party, the repudiation by the Issuer, the Foundation or the General Partner of any of its obligations under any Notes Security Document to which it is a party or the unenforceability for any reason against the Issuer, the Foundation or the GP of any Notes Security Document to which it is a party;

(6) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer;

(7) (a) failure by any party thereto for 28 days to comply with any of the agreements in the Telenet Service Agreement or the Telenet Fee Letter in any material respect or (b) the repudiation by any party thereto of any of its obligations under any of the Telenet Service Agreement or the Telenet Fee Letter, the unenforceability for any reason against any party thereto of the Telenet Service Agreement or the Telenet Fee Letter or any breach by any party thereto of any material representation or warranty in the Telenet Service Agreement or the Telenet Fee Letter; or

(8) (a) the occurrence of a Telenet Event of Default that is continuing or (b) any breach by Telenet NV or Telenet International Finance of any material representation or warranty or any material agreement in the Finco Accession Agreements.

For purposes of clause (8) above, "Telenet Event of Default" means an "Event of Default" as defined in the Senior Credit Facility (including the Finco Accession Agreements) as then in effect.

Remedies

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default (other than any Event of Default described in Clause (8) above) occurs and is continuing, the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Whether or not the Notes are accelerated pursuant to the provisions of the immediately preceding paragraph, if any Event of Default (other than any Event of Default described in Clause (8) above) occurs and is continuing, any Lien over the Note Collateral granted under any Security Document will become enforceable; provided however, if an Event of Default as described in Clause (8) above occurs and is continuing, any Lien over the Telenet Loan Collateral, and Telenet Service Agreement Collateral granted under any Security Document will become enforceable. If such Lien over the Note Collateral becomes enforceable, the Trustee may at its discretion and shall if so requested in writing by holders representing at least 25% of the principal amount of the Notes then outstanding enforce such Lien in any manner permitted by the Notes Security Documents, including taking possession of, appointing a receiver in respect of and/or realizing all or any part of the Note Collateral. Pursuant to each Finco Accession Agreement, Telenet NV has consented to any assignment, transfer or novation of rights and/or obligations (in whole or in part) of each Finco Loan following an Event of Default under the Indenture, including any subsequent assignment, transfer or novation of each Finco Loan, subject to minimum transfer amount of €2,000,000 and other requirements of a Telenet Lender under the Senior Credit Facility.

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest, premium or Additional Amounts (if any).

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts (if any) when due, no holder of a Note may pursue any remedy (other than the exchange of Notes for Telenet Exchange Loans as described below) with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee reasonable security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or an enforcement action or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium on, Additional Amounts with respect to, or the principal of, the Notes.

Notwithstanding any provision in the Indenture, the Notes, the Note Security Documents or otherwise to the contrary, the obligations of the Issuer to the Trustee, the Principal Paying Agent, the Registrar and the holders of the Notes under the Indenture, the Notes and the Note Security Documents shall be limited to the proceeds of the realization of the Note Collateral once the proceeds have been applied in accordance with the terms of the Indenture, the Notes and the Note Security Documents. Having realized all the Note Collateral in accordance with the Note Security Documents and distributed the net proceeds thereof in accordance with the Indenture, none of the Trustee, the Principal Paying Agent, the Registrar and the holders of the Notes may take any further steps to recover any sum still unpaid in respect of the Notes, the Indenture or any of the Note Security Documents or otherwise and all claims against the Issuer in respect of any such sum due but still unpaid shall be extinguished.

Exchange of Notes for Telenet Loans

Upon the occurrence of an Event of Default under the Indenture which is continuing (an "**Exchange Triggering Event**"), a holder of Notes may exchange all or part of its Notes (including in connection with a transfer to a third party) into a like aggregate principal amount of the relevant Finco Loan equal to the aggregate principal amount of Notes so exchanged, in each case, plus accrued interest up to but not including the day of exchange (each, a "**Telenet Exchange Loan**"), subject to the following procedures and conditions:

(1) the date specified for exchange (the "**Exchange Date**") shall be a date to be agreed between the Issuer and the exchanging holder of Notes, provided that the Issuer's consent to any Exchange Date requested by such exchanging holder will not be unreasonably withheld;

(2) on or prior to the Exchange Date, Notes to be exchanged will be delivered to the Principal Paying Agent or Registrar for cancellation;

(3) the Issuer or the Trustee promptly will deliver to the Telenet Facility Agent an executed Transfer Certificate (as defined in the Senior Credit Facility) designating such holder (or any Person designated by such Holder) as the New Lender (as defined in the Senior Credit Facility) in respect of such Telenet Exchange Loan;

(4) the Telenet Exchange Loan will be denominated in the same currency as the Notes exchanged;

(5) in consideration of the exchange of such Notes for the Telenet Exchange Loan, each of the Issuer, the holder of Notes and the Trustee hereby agrees to assign any right that such person may have pursuant to the terms of the Senior Credit Facility to receive payment of interest accrued on and prior to the Exchange Date on such Finco Loan transferred, and the Issuer will direct the Telenet Facility Agent to pay such interest to such holder on the next date on which interest is payable under such Finco Loan; and

(6) the aggregate principal amount of Notes being exchanged on any Exchange Date by a holder is at least €2,000,000.

Telenet NV has irrevocably consented to the transfer to any holder of Notes each Telenet Exchange Loan exchanged for Notes pursuant to the terms of this section and each subsequent transfer of such Telenet Exchange Loan, subject to minimum transfer amounts as set forth in each Finco Accession Agreement and other requirements of a Telenet Lender under the Senior Credit Facility.

Non Petition

Each of the Trustee, the Principal Paying Agent and the Registrar and each holder of Notes will agree that its rights against the Issuer under the Indenture and the Notes will be limited to the extent that it will not take any action or proceedings against the Issuer to recover any amounts due and payable by the Issuer to it under the Indenture, the Notes or the Note Security Documents except as expressly permitted by the provisions of the Indenture, the Notes and the Note Security Documents. Each of the Trustee, the Principal Paying Agent and the Registrar and each Noteholder will further agree that it will not, and in the case of a Noteholder will not request that the Trustee on its behalf, petition a court for, or take any other action or commence any proceedings for, the liquidation or winding-up of the Issuer or any other bankruptcy or insolvency proceedings with respect to the Issuer.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer will have any liability for any obligations of the Issuer under the Notes, the Indenture and the Notes Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Amendment, Supplement and Waiver

To the Senior Credit Facility or the Finco Accession Agreements

In the event that the Issuer, as a Telenet Lender, is eligible or required to vote (or otherwise consent) (including with respect to any enforcement decision) with respect to any matter arising from time to time under the Senior Credit Facility or under the Finco Accession Agreements in which all Telenet Lenders are eligible or required to vote (or otherwise consent) (a "**Senior Credit Facility Decision**"), the Issuer will solicit votes (or other consents) from the holders of Notes (each, a "**Noteholder Consent**") with respect to such Senior Credit Facility Decision in accordance with the provisions of the Indenture described above under "—Certain Covenants—Minimum Period for Consents under Loan Documents". Upon the expiration of the applicable consent period, the Trustee will inform the Telenet Facility Agent promptly in writing (and in no event more than one Business Day following such expiration) of the results of the Noteholder Consent.

Under the terms of the Senior Credit Facility, Telenet Lenders are not entitled to split their votes when voting on a proposed consent, waiver, amendment or other determination. The following voting mechanic is designed generally to achieve the same practical effect as allowing a Telenet Lender to split its vote (subject to the provisions set forth below) under the Senior Credit Facility.

Under the terms of the Finco Accession Agreements, the Telenet Facility Agent will be authorized to apply the Noteholder Consent to the Senior Credit Facility Decision, at the direction of the Issuer, as follows:

$$\frac{(OLC + BC + OBC)}{OC} = \text{Threshold Amount}$$

Where:

OLC = aggregate Commitments consenting (other than any Commitments of the Issuer and any other SPV Issuer) to such Senior Credit Facility Decision

BC = aggregate principal amount of Notes consenting; provided that, if at least a majority in aggregate principal amount of Notes that respond to such solicitation provide consent, BC will be deemed to equal the aggregate principal amount of the Notes outstanding

OBC = aggregate principal amount of SPV Notes issued by all SPV Issuers (other than any SPV Notes issued by the Issuer) consenting; provided, with respect to each SPV Issuer (other than the Issuer), where at least a majority in aggregate principal of SPV Notes issued by such SPV Issuer that respond to such solicitation provide consent, OBC with respect to such SPV Issuer will be deemed to equal the aggregate principal amount of the SPV Notes outstanding and issued by such SPV Issuer

OL = the aggregate Commitments under the Senior Credit Facility

"**Commitments**" means the aggregate undrawn Commitments (as defined in the Senior Credit Facility) and outstanding Loans (as defined in the Senior Credit Facility) under the Senior Credit Facility, provided that, solely for the purposes of determining whether any amendment or waiver of any term of the Senior Credit Facility has been approved by the Majority Lenders (as defined in the Senior Credit Facility), the amount of the Loans and undrawn Commitments shall be reduced by (i) the amount of the Loans and undrawn Commitments of any Lender that has not, on or before the day ten Business Days after the date such request has been notified to the relevant Lenders by the Facility Agent, notified the Facility Agent of its decision or requested further information to enable it to make such decision, or notified the Facility Agent that it is actively reviewing such request with a view to making such decision and (ii) the amount of the Loans and undrawn Commitments of each Local Bond Issuer that have not, as of the date of determination of the Threshold Amount, been determined to have voted either in favor or against the Senior Credit Facility Decision.

In connection with any vote or consent, the Issuer will, on or prior to the tenth Business Day after the date such request has been notified to the relevant Lenders by the Facility Agent, instruct the Facility Agent to vote or consent in accordance with the voting mechanic described above, request further information from the Facility Agent or notify the Facility Agent that it is actively reviewing such request with a view to making such decision.

To the extent the Threshold Amount (expressed as a percentage) is greater than or equal to the required percentage of Telenet Lender consents with respect to any Senior Credit Facility Decision, the entire amount of each Finco Loan will be voted in favor of the matter that is the subject of such Senior Credit Facility Decision. To the extent the Threshold Amount is less than the required percentage of Telenet Lender consents with respect to any Senior Credit Facility Decision, the entire amount of each Finco Loan will be voted against the matter that is the subject of such Senior Credit Facility Decision.

Except as provided in the next succeeding paragraph, any provision or term of a Finco Accession Agreement and the Senior Credit Facility applicable only to both Finco Loans or to a several right of the Issuer, as a Telenet Lender, may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or event of default in respect of, or compliance with, any such provision or term may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided*, *however* that any provision or term of a Finco Accession Agreement and the Senior Credit Facility applicable to only Finco Loan V or Finco Loan U may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the 2022 Notes or the 2024 Notes (as applicable) then outstanding (and not the consent of at least a majority in principal amount of all Notes then outstanding).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding 2022 Notes (in respect of the Finco Accession Agreement U) or 2024 Notes (in respect of the Finco Accession Agreement V) (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, relevant series of Notes), an amendment, supplement or waiver of the Finco Accession Agreement V or the Finco Accession Agreement U may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the stated rate of or extend the stated time for payment of interest under the relevant Finco Loan;

(2) reduce any amounts payable in respect of any prepayment of the relevant Finco Loan;

(3) reduce the principal of or extend the Stated Maturity of the relevant Finco Loan;

(4) make the relevant Finco Loan payable in currency other than that stated in the relevant Finco Accession Agreement; or

(5) modify the payment terms of the relevant Finco Accession Agreement.

To the Indenture and the Notes

Except as provided in the next succeeding paragraphs, the Indenture, the Notes, any Notes Security Document, the Telenet Fee Letter and the Telenet Service Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, any Note Security Document, the Telenet Fee Letter and the Telenet Service Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided*, *however* that if any amendment, waiver or other modification will only affect the 2022 Notes or the 2024 Notes, only the consent of the holders of at least a majority in principal amount of the then outstanding 2022 Notes or the 2024 Notes (as applicable) (and not the consent of at least a majority of all Notes then outstanding), as the case may be, shall be required.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) (*provided*, *however* that if any amendment, waiver or other modification will only affect the 2022 Notes or the 2024 Notes, the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding 2022 Notes or 2024 Notes (as applicable) (and not the consent of at least 90% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), an amendment, supplement or waiver of the Indenture, the Notes, any Notes Security Document, the Telenet Fee Letter and the Telenet Service Agreement may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment waiver or other determination;

(2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note or alter the provisions with respect to the redemption of the Notes;

(4) make any Note payable in currency other than that stated in the Note;

(5) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(6) make any change in these amendment or waiver provisions;

(7) impair the right of any holder of Notes to exchange its Notes for Telenet Exchange Loans in accordance with "—Events of Defaults and Remedies—Exchange of Notes into Telenet Loans"; or

(8) release any lien on the Collateral except in accordance with the terms of the Indenture and the Notes Security Documents.

Notwithstanding the preceding two paragraphs, without the consent of any holder of Notes, the Issuer and the Trustee may amend or supplement the Indenture, the Notes, any Notes Security Document, the Telenet Fee Letter and the Telenet Service Agreement:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder, to the extent such change would not violate the provisions of the Indenture;

(4) to conform the text of the Indenture, the Notes or any Notes Security Document to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or any Notes Security Document;

(5) to the extent necessary to allow the Issuer to participate on the same terms as other Telenet Lenders in an offer to purchase or otherwise acquire Telenet Loans by any member of the Telenet Group made in compliance with the requirements set out under "Redemption—Open Market Purchases of Telenet Loans";

(6) to release any Lien in the Note Collateral in accordance with the terms of the Indenture and the Notes Security Documents; or

(7) to evidence and provide for a successor Trustee as provided for in the Indenture.

In determining whether the holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or Telenet NV, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or Telenet NV will be considered as though not outstanding.

The Trustee will be entitled to require and rely conclusively on such evidence as is reasonably appropriate in light of the nature of such amendment or supplement, including an Opinion of Counsel and an Officer's Certificate in connection with any request of the Issuer to amend the Indenture, the Notes or any Notes Security Document without the consent of any holder of Notes. In addition, the Issuer shall deliver to the Trustee, and the Trustee shall be entitled to rely conclusively on, an Officer's Certificate and/or an Opinion of Counsel, in each case, reasonably satisfactory to the Trustee stating that all conditions precedent to such amendment or supplement have been satisfied.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Principal Paying Agent or Registrar for cancellation; or

(b) all Notes that have not been delivered to the Principal Paying Agent or Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or a third party acting on behalf of the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, Cash Equivalents constituting of non-callable euro-denominated government securities or a combination of cash in euros and Cash Equivalents constituting of non-callable euro-denominated government securities in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Financial Indebtedness on the Notes of such series not delivered to the Principal Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;

(2) in the case of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;

(3) the Issuer has paid or caused to be paid all other amounts payable by it under the Indenture with respect to the Notes; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

Judgment Currency

Any payment on account of an amount that is payable in euros (the "**Required Currency**"), which is made to or for the account of any holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the "**Judgment Currency**"), will constitute a discharge of the Issuer's obligation under the Indenture and the Notes only to the extent of the amount of the Required Currency which such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such Noteholder or the Trustee, as the case may be, the Issuer will indemnify and hold harmless the Noteholder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Holder or the Trustee from time to time and will continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take action, notwithstanding the provision of security or an indemnity to it.

Additional Information

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, and so long as the rules of the Luxembourg Stock Exchange shall so require, copies of the Indenture, the Senior Credit Facility and the Finco Accession Agreements, the Telenet Fee Letter and the Telenet Service Agreement may be obtained, free of charge, during normal business hours at the offices of the Principal Paying Agent.

Governing Law

The Indenture and the Notes will each be governed by, and construed in accordance with, the laws of the State of New York. Notwithstanding anything to the contrary, articles 86 to 97 of the Luxembourg law of August 10, 1915, as amended, on commercial companies shall not be applicable in respect of the Notes. The Senior Credit Facility, the Finco Accession Agreements, the Telenet Service Agreement and the Telenet Fee Letter will be governed by, and construed in accordance with, English law. The Notes Security Documents will be governed by, and construed in accordance with, Luxembourg or English law as applicable.

Consent to Jurisdiction and Service of Process

The Issuer will irrevocably submit to the jurisdiction of any New York state or U.S. federal court located in The Borough of Manhattan, City of New York, State of New York in relation to any legal action or proceeding (1) arising out of, related to or in connection with the Indenture or the Notes and (2) arising under any U.S. federal or state securities laws. The Issuer will appoint an agent for service of process in New York in any such action or proceeding.

Enforceability of Judgments

Since the assets of the Issuer are outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Prescription

Claims against the Issuer for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Transfer and Exchange

The Notes were issued in the form of several registered notes in global form, without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**144A Global Notes**").
- The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of The Bank of New York Depository (Nominees) Limited, as the common depositary, for the accounts of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**").
- Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Notes**", and together with the 144A Global Notes, the "**Global Notes**").
- The Regulation S Global Notes will, on the closing date, be deposited with and registered in the name of The Bank of New York Depository (Nominees) Limited, as the common depositary, for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and Clearstream, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Notice to Investors". In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear and Clearstream, and their respective participants.

Book-Entry Interests in the 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Transfer Restrictions".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any Interest Payment Date.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"**Applicable Premium**" means

(1) with respect to a 2022 Note at any redemption date prior to August 15, 2017 applicable to the redemption of such 2022 Note, the excess of:

(b) the present value at such redemption date of (i) the redemption price of the 2022 Note at August 15, 2017 (such redemption price being described under "*Optional Redemption—Redemption of 2022 Notes on or after August 15, 2017*") plus (ii) all required remaining scheduled interest payments due on the 2022 Notes through to August 15, 2017 (excluding accrued and unpaid interest to the redemption date and assuming such interest payments are calculated at the rate of interest on the Notes in effect on such redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points; over

(b) the principal amount of the 2022 Note; and

(2) with respect to a 2024 Note:

(a) the present value at such redemption date of (i) the redemption price of the 2024 Note at August 15, 2018 (such redemption price being described under "*Optional Redemption—Redemption of 2024 Notes on or after August 15, 2018*") plus (ii) all required remaining scheduled interest payments due on the 2024 Notes through to August 15, 2018 (excluding accrued and unpaid interest to the redemption date and assuming such interest payments are calculated at the rate of interest on the Notes in effect on such redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points; over

(b) the principal amount of the 2024 Note.

"**Bund Rate**" means, with respect to any relevant date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such relevant date to, in the case of the 2022 Notes, August 15, 2017 and, in the case of the 2024 Notes, August 15, 2018, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to August 15, 2017 or August 15, 2018 (as applicable); provided, however, that, if the period from such relevant date to August 15, 2017 or August 15, 2018 (as applicable), is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such relevant date to August 15, 2017 or August 15, 2018 (as applicable), is less than one year, a fixed maturity of one year shall be used;

(2) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Issuer in consultation with the Trustee; and

(4) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day in Frankfurt preceding the relevant date.

"**Business Day**" means (i) each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York or London, England are authorized or required by law to close, and (ii) a "Business Day", as such term is defined in the Senior Credit Facility.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of the Issue Date (each a "Qualified Country") or any agency or instrumentality thereof (provided that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;

(2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (provided that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of "A2" or better from either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Senior Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least "A" or the equivalent thereof by S&P or "A" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's, or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

"**continuing**" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"**euro**" or "**€**" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

"**European Union**" means the European Union as of the Issue Date, including Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

"**Financial Indebtedness**" has the meaning ascribed thereto in the Senior Credit Facility as in effect on the Issue Date.

"**Finco Accession Agreement U**" means the €450 million additional facility accession agreement dated August 16, 2012 between, among others, the Issuer and Telenet International Finance. Elsewhere in these Listing Particulars, Finco Accession Agreement U is referred to as the "Facility U Accession Agreement".

"**Finco Accession Agreement V**" means the €250 million additional facility accession agreement dated August 16, 2012 between, among others, the Issuer and Telenet International Finance. Elsewhere in these Listing Particulars, Finco Accession Agreement V is referred to as the "Facility V Accession Agreement".

"**Finco Accession Agreements**" means Finco Accession Agreement U together with Finco Accession Agreement V.

"**Foundation**" means Stichting Telenet Finance V Luxembourg and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

"**GAAP**" means generally accepted accounting principles in the United States ("**U.S. GAAP**") as in effect as of the date of the Indenture or, with respect to the covenant "Reports", as in effect from time to time.

"**GP**" means Telenet Finance V S.à r.l.

"**guarantee**" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Financial Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"**IFRS**" means the accounting standards issued by the International Accounting Standards Board and its predecessors. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of IFRS, U.S. GAAP, and, upon such election, references to IFRS herein will be construed to mean U.S. GAAP as in effect at the Issue Date; provided that (1) any such election once made shall be irrevocable (unless (a) such an election was made in order to comply with applicable law with respect to the reporting standards of the Issuer and (b) subsequent to such election, such applicable law is modified or rescinded, and at the time of such modification or rescission, Telenet NV prepares its consolidated financial statements in accordance with IFRS), (2) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of U.S. GAAP as in effect from time to time (including that, upon first reporting its fiscal year results under U.S. GAAP, the Issuer shall restate its financial statements on the basis of U.S. GAAP for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of U.S. GAAP), and (3) from and after such election, all ratios, computations, and other determinations based on IFRS contained in the Indenture shall be computed in conformity with U.S. GAAP with retroactive effect being given thereto assuming that such election had been made on the Issue Date.

"**Issue Date**" means August 16, 2012.

"**Issuer**" means Telenet Finance V Luxembourg S.C.A. and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Local Bond**" means the €100 million aggregate principal amount of 5.3% senior secured fixed rate notes due November 15, 2016 issued by Telenet Finance Luxembourg II S.A.

"**Local Bond Issuer**" means Telenet Finance Luxembourg II S.A. and any other special purpose financing company that has funded an Advance (under and as defined in the Senior Credit Facility) using the proceeds from the issuance of senior secured notes in an offering that is substantially similar to the Local Bond offering.

"**Majority Lenders**" has the meaning ascribed thereto in the Senior Credit Facility.

"**Moody's**" means Moody's Investors Service, Inc.

"**Note Collateral**" has the meaning set forth above under "—Security".

"**Notes Security Documents**" means the documents evidencing the security interests granted over the Note Collateral and any other agreement or instrument from time to time governing a grant of a security interest permitted under the Indenture to secure the obligations under the Notes.

"**obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Financial Indebtedness.

"**Officer**" means any Director or the Secretary of the Issuer or any equivalent position.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**Opinion of Counsel**" means a written opinion of counsel, who may be counsel to the Issuer and/or a member of the Telenet Group (and may include employees of the issuer or a member of the Telenet Group) and who is reasonably acceptable to the Trustee.

"**Permitted Issuer Liens**" means:

(1) Liens for taxes, assessments or government charges or levies on the assets of the Issuer if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision that shall be required in conformity with IFRS shall have been made therefor;

(2) Liens created for the benefit of (or to secure) the Notes (including any Liens granted pursuant to the Notes Security Documents);

(3) Liens granted to the Trustee for its compensation and indemnities pursuant to the Indenture; and

(4) Liens with respect to bankers' liens, rights of set-off or similar rights or remedies in respect of cash maintained in bank accounts or certificates of deposit.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or other entity.

"**S&P**" means Standard and Poor's Ratings Group.

"**Senior Credit Facility**" means the Senior Secured Credit Facility Agreement dated August 1, 2007 (as amended and restated by supplemental agreements dated August 22, 2007, September 11, 2007, October 8, 2007, June 23, 2009, August 25, 2009 and October 4, 2010, and as may be amended or restated from time to time) between, inter alios, Telenet NV, the obligors listed therein, The Bank of Nova Scotia, as facility agent, and KBC Bank NV, as security agent.

"**Senior Facility Guarantors**" means the guarantors under the Senior Credit Facility.

"**SPV Issuer**" means any lender under the Senior Credit Facility that is a special purpose financing company and that has funded an Advance (under and as defined in the Senior Credit Facility) using the proceeds from the issuance of senior secured notes, other than a Local Bond Issuer.

"**Stated Maturity**" means, with respect to any installment of interest or principal on any series of Financial Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Financial Indebtedness as of the date of the Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Telenet Facility Agent**" means The Bank of Nova Scotia, acting as facility agent pursuant to the Senior Credit Facility or any successor or replacement Telenet Facility Agent, acting in such capacity.

"**Telenet Group Transfer**" means the occurrence of either of the following: (a) the consummation of any transaction (including, without limitation, any merger, consolidation, scheme of arrangement or amalgamation), the result of which is that Liberty Global Europe Financing B.V., UPC Holding B.V. and/or any of their Subsidiaries becomes the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of Telenet NV or (b) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of Telenet NV and its Subsidiaries taken as a whole to Liberty Global Europe Financing B.V., UPC Holding B.V. and/or any of their Subsidiaries.

"**Telenet International Finance**" means Telenet International Finance S.à. r.l. and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

"**Telenet Lender**" and "**Telenet Lenders**" means a lender or lenders under the Senior Credit Facility from time to time.

"**Telenet Loans**" means advances extended to Telenet International Finance and/or Telenet NV under the Senior Credit Facility.

"**Telenet Loan Documents**" means the Senior Credit Facility and any other agreements designated a "finance document" under the Senior Credit Facility.

"**Telenet NV**" means Telenet NV and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

"**Telenet Security Agent**" means KBC Bank NV, acting as security agent pursuant to the Senior Credit Facility or any successor or replacement Telenet Security Agent, acting in such capacity.

"**U.S. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated pursuant thereto.

"**Voluntary Self Tender**" means a conditional voluntary tender offer announced by Telenet Group Holding NV for up to 20,673,043 of its shares, as such tender offer may be undertaken by Telenet Group Holding NV in accordance with applicable rules and regulations in Belgium.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the 144A Global Note (as defined below), the "Global Notes"). The Regulation S Global Note was deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Note was deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Note ("144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interest," and together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, "holders" of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee under the Indenture nor any of the Issuer's respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "Definitive Registered Notes"):

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;

(2) in whole, but not in part, if the Issuer, Euroclear or Clearstream so request following an event of default under the Indenture; or

(3) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear and/or Clearstream or to the Issuer following an Event of Default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), its current procedure is to request that the Issuer issue or cause to be issued the Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Transfer Restrictions*" below, unless that legend is not required by the Indenture or applicable law.

The Issuer, the Trustee, the Principal Paying Agent and the Registrar shall treat the registered holder of any Global Note or Definitive Note as the absolute owner thereof, and no person will be liable for treating the registered holders as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Trustee, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 in principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to the common depository for Euroclear or Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (*i.e.*, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interest in such Notes (the "Holders") through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*" below. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer referred to in "*Transfer Restrictions*".

Book-Entry Interests in the 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such periods unless such resale or transfer is made pursuant to Rule 144A. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

Subject to the foregoing, and as set forth in "*Transfer Restrictions*", Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*". Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as that person retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear or Clearstream, as applicable. The Issuer provides the summaries of those operations and procedures provided in these Listing Particulars solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Secondary Market Trading, Global Clearance and Settlement under the Book-Entry System

Application has been made to the Luxembourg Stock Exchange for the Notes represented by the Global Notes to be admitted to listing and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Initial Settlement

Initial settlement for the Notes was made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TRANSFER RESTRICTIONS

The Notes have not been registered under the U.S. Securities Act and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except to (i) qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or (ii) non-U.S. persons in offshore transactions in reliance on Regulation S.

By purchasing the Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

(1) You are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or Telenet Group Holding, you are not acting on behalf of the Issuer or Telenet Group Holding and you (A) (i) are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act), (ii) are aware that the sale to you is being made in reliance on Rule 144A; and (iii) are acquiring the Notes for your own account or for the account of a qualified institutional buyer; or (B) are not a U.S. person (as defined in Regulation S under the U.S. Securities Act) (and are not purchasing the Notes for the account or benefit of a U.S. person, other than a distributor) and are purchasing the Notes in an offshore transaction pursuant to Regulation S.

(2) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Notes are eligible for resale under Rule 144A, in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Regulation S under the U.S. Securities Act; or (iii) to the Issuer, in each case in accordance with any applicable securities laws; and (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you or it of the resale restrictions referred to the legend below.

(3) You acknowledge that none of the Issuer, Telenet Group Holding, the Initial Purchasers or any person representing the Issuer, Telenet Group Holding or the Initial Purchasers has made any representation to you with respect to the Issuer, Telenet Group Holding or the offer or sale of any of the Notes, other than by Telenet Group Holding and the Issuer with respect to the information contained in these Listing Particulars, which Listing Particulars have been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of these Listing Particulars. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of these Listing Particulars. You have had access to such financial and other information concerning the Issuer, Telenet Group Holding, the Indenture governing the Notes, the Notes, the Senior Credit Facility and the security documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer, Telenet Group Holding and the Initial Purchasers.

(4) You also acknowledge that:

(a) the Issuer and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under the paragraph two above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and

(b) each Global Note will contain a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "U.S. SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT TO

(A) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A OR (B) PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE UNDER RULE 144A, IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT; OR (III) TO THE ISSUER, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN THIS LEGEND.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTES REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH NOTES OR ANY INTEREST THERE IN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, (“CODE”), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S AND/OR PLAN’S INVESTMENT IN SUCH ENTITY (EACH, A “BENEFIT PLAN INVESTOR”), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE (“SIMILAR LAWS”), AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); (2) NEITHER ISSUER NOR ANY OF ITS AFFILIATES IS A “FIDUCIARY” (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF “FIDUCIARY” UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THE NOTES AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTES; AND (3) IT WILL NOT SELL OR

OTHERWISE TRANSFER THIS NOTE OR ANY INTEREST HEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(1) You acknowledge that the registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the registrar that the restrictions set forth herein have been complied with.

(2) You acknowledge that:

(a) The Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(4) You acknowledge that the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Notes issued under Rule 144A under the U.S. Securities Act) or 40 days (in the case of Notes issued under Regulation S under the U.S. Securities Act) after the later of the closing date and the last date that the Issuer or any of its affiliates was the owner of the Notes or any predecessor of the Notes (the "*Resale Restriction Period*"), and will not apply after the applicable Resale Restriction Period ends.

(5) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of these Listing Particulars or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder and under "*Plan of Distribution*".

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "*Relevant Member State*"), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "*Relevant Implementation Date*"), it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

The Grand Duchy of Luxembourg

In addition to the cases described in the section entitled Public Offer Selling Restriction under the Prospectus Directive in which the Initial Purchasers can make an offer of the Notes to the public in an EEA Member State (including Luxembourg), the Initial Purchasers can also make an offer of the Notes to the public in Luxembourg:

(a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 (as amended) on prospectuses for securities implementing the Directive 2003/71/EC (the "*Prospectus Directive*") into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the Commission de surveillance du secteur financier as competent authority in Luxembourg in accordance with the Prospectus Directive (as amended, including pursuant to Directive 2010/73/EU, to the extent implemented in the Relevant Member State).

ERISA Considerations

By acquiring the Notes, you will be deemed to have further represented and agreed as follows:

(1) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (A) either (i) you are not, and are not acting on behalf of (and for so long as you hold such Notes or any interest therein will not be, and will not be acting on behalf of), an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")), subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended ("*Code*"), applies, or any entity whose underlying assets include "plan assets" by reason of such an employee benefit plan's and/or plan's investment in such entity (each, a "*Benefit Plan Investor*"), or a governmental, church or non-U.S. plan which is subject to any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("*Similar Laws*"), and no part of the assets to be used by you to acquire or hold such Notes or any interest therein constitutes the assets of any such Benefit Plan Investor or such plan, or (ii) your acquisition, holding and disposition of such Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) neither Issuer nor any of its affiliates is a Fiduciary with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you as the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes; and (C) you will not sell or otherwise transfer such Notes or any interest therein otherwise than to

a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Notes or any interest therein.

(2) You and any fiduciary causing you to acquire an interest in the Notes agree to indemnify and hold harmless the Issuer, Telenet Group Holding, the Initial Purchasers and the Trustee and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(3) Any purported acquisition or transfer of any Note or beneficial interest therein to an acquirer or transferee that does not comply with the foregoing requirements shall be null and *void ab initio*.

TAX CONSIDERATIONS

Luxembourg Taxation

The following discussion summarizes certain important Luxembourg taxation principles that may be relevant to you if you invest in, own, hold or dispose of the Notes. Unless otherwise indicated, all information contained in this section is based on laws, regulations, practice and decision in effect in Luxembourg at the date of the Offering Memorandum (as referred to herein, collectively, "*Luxembourg Tax Laws*"), and as such, may be superseded after such date. Any subsequent changes to Luxembourg Tax Laws could apply retroactively and could affect the continued accuracy of this summary. This summary does not purport to be a comprehensive description of all Luxembourg Tax Laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of the Notes and is not intended as tax advice to any particular investor or potential investor in the Notes. You should consult your own tax advisors about the tax consequences of investing in, owning, holding or disposing of the Notes (including with respect to receiving interest on and redeeming the Notes). This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

The residence concept used below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Any reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate Noteholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Luxembourg tax residency of the Noteholders

A Luxembourg non-resident Noteholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of their entitlements thereunder.

Withholding Tax

Except as indicated below, under the Luxembourg income tax law currently applicable there is no withholding tax on the payment of interest, principal, premium or (to the extent the transaction is conducted on an arm's-length basis) accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes.

Resident Noteholders

Under the Luxembourg law dated December 23, 2005 a 10% withholding tax is levied on interest payments (or similar income) made by Luxembourg paying agents to or for the benefit of Luxembourg individual residents (including payments to residual entities for the benefit of Luxembourg resident individuals, except if the residual entity elects to exchange information or elects to be treated or is treated as an undertaking for collective investment in transferable securities authorised under the European Council Directive 85/611/EEC) ("UCITS"). This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. As from 2009, Luxembourg resident individuals acting in the course of the management of their private wealth, who are the beneficial owners of interest payments made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a dependent and associated territories (the "Territories") in the sense of the European Council Directive 2003/48/EC on taxation of savings income (the "EU Savings Directive"), may also opt for a final 10% flat tax. In such case, the 10% flat tax is calculated on the same amounts as for the payments made by Luxembourg resident paying agents.

Non-resident Noteholders

Under the June 2005 and December 2005 tax laws implementing the EU Savings Directive (the "Laws") within the Luxembourg law, a Luxembourg based paying agent is required to withhold tax on interest and other similar income (including reimbursement of premium received at maturity) paid or ascribed by it to (or under certain circumstances, to or for the immediate benefit of) an individual resident or a residual entity established in another Member State of the European Union unless the beneficiary/residual entity of the interest payments elects for an exchange of information. The same regime applies to payments to individuals or residual entities resident in any of the Territories.

The withholding tax rate is 35% since July 1, 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

In each case described here above, responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

In this section, "interest", "residual entities" and "paying agent" have the meaning given thereto in the Laws (or the relevant treaties). "Interest" will include accrued or capitalized interest at the sale, repayment or redemption of the Notes. "Residual entities" include, in general, all entities established in the EU and certain dependent or associated territories other than legal entities, UCITS, and entities taxed as enterprises. "Paying agent" is defined broadly for this purpose and in the context of the Notes means any economic entity established in Luxembourg which pays interest on the Notes to, or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner or the residual entity whether the entity is, or acts on behalf of, the issuer or is instructed by, the beneficial owner, or the residual entity, as the case may be, to collect such payment of interest.

Taxation of the Noteholders

Taxation of Luxembourg residents

Noteholders who are residents of Luxembourg, or non-resident Noteholders who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, must, for income tax purposes, include any interest paid or accrued in their taxable income. Specific exemptions may be available for certain tax payers benefiting from a particular status.

Luxembourg resident individuals

A Luxembourg resident individual Noteholder acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts under the Notes, except if a final withholding tax has been levied on such payments. See "*—Withholding Tax—Resident Noteholders*".

Gains realised upon the sale, repurchase or redemption of the Notes by a Luxembourg resident individual Noteholder, who acts in the course of the management of his/her private wealth, in any form whatsoever, of Notes, are subject to Luxembourg income tax provided this sale or disposal took place prior to or within six months after the acquisition of the Notes. Usually, the said gains exclude the accrued but unpaid notes' interest. A Luxembourg resident individual Noteholder, who acts in the course of the management of his/her private wealth, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income (e.g. upon sale of Notes before their maturity).

Luxembourg resident individual Noteholders acting in the course of the management of a professional or business undertaking to which the Notes are attributable, may have to include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes (income tax levied at progressive rates and municipal business tax). For Luxembourg resident individuals receiving interest as income from assets used in their professional capacity, the 10% withholding tax levied is credited against their final tax liability. The same tax treatment applies to non-resident Noteholders who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable.

Luxembourg corporate residents

Luxembourg corporate Noteholders must include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes (corporate income tax and municipal business tax).

Luxembourg corporate residents benefiting from a special tax regime

Luxembourg corporate resident Noteholders who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the amended laws of December 17, 2010, (ii) specialized investment funds subject to the law dated February 13, 2007, as amended or (iii) family wealth management companies subject to the law dated May 11, 2007, are exempt from income tax in Luxembourg but are subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Notes, as well as gains realised thereon, are not subject to Luxembourg income taxes.

Taxation of non-resident Noteholders

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realise capital gains upon redemption, repurchase, sale or exchange of any Notes. Noteholders who are non-residents of Luxembourg and who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable have to include any interest received or accrued, as well as any capital gain realised on the sale or disposal of the Notes in their taxable income for Luxembourg income tax assessment purposes.

Net Wealth Tax

Luxembourg resident Noteholders or non-resident Noteholders who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to an annual Luxembourg net wealth tax on such Notes levied at a rate of 0.5%, except if the Noteholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii) a securitization company governed by the law of March 22, 2004 on securitization (as amended), (iv) a company governed by the law of June 15, 2004 on venture capital vehicles (as amended), (v) a specialized investment fund subject to the law of February 13, 2007, as amended or (vi) a family wealth management company subject to the law of May 11, 2007.

Other Taxes

Registration taxes and stamp duties

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes. There is no obligation to register the Notes in Luxembourg. However, a registration duty may apply (i) upon voluntary registration of the Notes in Luxembourg, (ii) in the case of legal proceedings before Luxembourg courts or (iii) in the case that the documents relating to the Notes issuance must be produced before an official Luxembourg authority ("*autorité constitutée*").

Value added tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services. Due to the activity of the Issuer, this value-added tax could be a final cost. Foreign value-added tax that might be payable in respect of fees charged for certain services rendered to the Issuer could also be a final cost.

Inheritance tax and gift tax

No estate or inheritance taxes are levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg at the time of his death for inheritance tax purposes.

Gift tax may be due on a gift or donation of Notes in instances where the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

Belgian Taxation

The following is a summary of the principal Belgian tax consequences for Belgian resident investors receiving interest in respect of, and disposing of, Notes and is of a general nature, for information purposes only and based on the Issuer's understanding of current law and practice. This summary is based on the laws, regulations and applicable tax treaties, all as in effect in Belgium on the date of the Offering Memorandum, and is subject to any changes in law and the interpretation and application thereof, possibly with retroactive effect.

This summary does not address all Belgian tax considerations that may be relevant to a particular investor in light of that investor's particular circumstances or to particular investors some of which may be subject to special tax rules. The present section does not address the tax situation of natural persons residing in Belgium and of investors residing outside of Belgium. This summary does not address local taxes or surcharges.

For the purposes of this summary, a Belgian investor is (i) a company subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*) having its registered seat, principal establishment or effective place of management in Belgium, not being a regulated corporate investment fund nor OFP (herein referred to as a "Belgian Company"); or (ii) a legal entity subject to Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) having its registered seat, principal establishment or effective place of management in Belgium (herein referred to as a "Belgian Legal Entity").

Interest

For Belgian tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption, whether or not at maturity, or upon purchase by the Issuer), and (iii) assuming the Notes qualify as fixed income securities pursuant to Article 2, § 1, 8° of the Belgian Income Tax Code (the "ITC 1992"), in case of a sale of the Notes to any third party, other than the Issuer, the pro rata accrued interest corresponding to the period that the party selling the security held the Notes.

Belgian Withholding Tax

The interest component of payments on Notes by the Issuer is, in principle, not subject to Belgian withholding tax, provided that such interest is not collected through a professional intermediary established in Belgium (see however below for interest collected by Belgian Legal Entities). The interest component of payments on Notes collected through a professional intermediary established in Belgium is, however, subject to Belgian withholding tax at the rate of 21%, subject to such relief as may be available under applicable domestic law provisions.

Payments of interest made by or on behalf of the Issuer collected through a Belgian professional intermediary will nevertheless be made without deduction of Belgian withholding tax, notably provided that (i) such interest is paid to a Belgian Company, subject to the company certifying to the professional intermediary that it is a Belgian Company; (ii) such professional intermediary qualifies as a recognized credit institution, exchange company or clearing or settlement institution and pays such interest to a non-qualifying intermediary (*i.e.* a person other than an enterprise referred to in Article 261, para. 4 of Belgian Income Tax Code or "ITC" 1992) provided that such non-qualifying intermediary certifies that the beneficial owners (a) are non-residents for Belgian tax income purposes, (b) have not held the Notes as part of a taxable business activity in Belgium, and (c) were the legal owner, or held the *usufructus* of the Notes; or (iii) such professional intermediary qualifies as a recognized credit institution, exchange company or clearing or settlement institution and pays such interest to a non-resident beneficial owner provided that such beneficial owner certifies that he (a) is a non-resident for Belgian income tax purposes, (b) has not held the Notes as part of a taxable business activity in Belgium, and (c) is the legal owner, or held the *usufructus* of the Notes.

Such a Belgian professional intermediary would not be liable to collect the Belgian withholding tax notably if (i) it pays such interest to a recognized credit institution, exchange company or clearing or settlement institution established in Belgium; or (ii) such professional intermediary qualifies as a recognized credit institution, exchange company or clearing or settlement institution and pays such interest to certain qualifying credit institutions, financial intermediaries, clearing and settlement institutions or portfolio management companies established outside of Belgium, referred to in Article 261, para. 4 ITC 1992 ("qualifying intermediaries").

Interest Income

For Belgian Companies, interest paid on the Notes will be part of the taxable income of the company and subject to corporate income tax at the rate of 33.99%. Belgian withholding tax, if any, can in principle be set off against the corporate income tax liability provided certain conditions are fulfilled.

For Belgian Legal Entities, if Belgian withholding tax has been withheld by a professional intermediary established in Belgium, this Belgian interest withholding tax is a final tax. Belgian legal entity noteholders who collect the payment abroad without Belgian withholding tax being collected, are required to pay the 21% withholding tax on their own initiative.

Capital Gains/capital losses

For Belgian Companies, the capital gain realized with respect to the Notes will be part of the taxable income of the company and subject to corporate income tax at the rate of 33.99%. Capital losses incurred by Belgian Companies should be deductible.

For Belgian Legal Entities, the capital gain realized with respect to the Notes will, as a rule, not be subject to tax. Conversely, capital losses incurred on the Notes will not be deductible. The Belgian Legal Entities are however required to pay the 21% withholding tax in their own initiative, on the *pro rata* interest accrued on the notes during the holding period.

Stamp duties

Secondary market trades in respect of the Notes may give rise to a stamp duty (*taks op beursverrichtingen/ taxe sur les opérations de bourse*) at the rate of 0.09% on the sale and on the purchase of Notes in Belgium, provided that such transactions are concluded or executed in Belgium and are carried out through intermediation of a professional intermediary in Belgium. Such tax will be limited to a maximum amount of €650 per taxable transaction and per party. An exemption from this tax is available under Article 126/1, 2° of the Code on Miscellaneous Duties and Taxes as regards (i) parties to securities trades who are intermediaries within the meaning of Article 2, 9° and 10° of the Law of August 2, 2002 on the supervision of the financial sector and financial services, acting for their own account, (ii) insurance undertakings within the meaning of Article 2, § 1 of the Law of July 9, 1975 on supervision of insurance companies, acting for their own account, (iii) institutions for occupational retirement provisions within the meaning of Article 2, 1° of the Law of October 27, 2006 regarding the control of institutions for occupational retirement provisions (*instellingen voor bedrijfspensioenvoorziening/institutions de retraite professionnelle*), acting for their own account, (iv) collective investment schemes, acting for their own account, and (v) non-residents, acting for their own account and certifying their non-resident status.

U.S. Federal Income Taxation of the Notes

Pursuant U.S. Treasury Department Circular 230, you are hereby informed that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on any taxpayer under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). Such description was written in connection with the marketing by the Issuer of the Notes. Taxpayers should seek advice based on the taxpayers' particular circumstances from an independent tax advisor.

The following is a description of the principal U.S. federal income tax consequences of the acquisition, ownership, and disposition of the Notes by a holder thereof as defined below. This description only applies to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;

- grantor trusts;
- tax-exempt organizations;
- persons that will own the Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies that use a mark-to-market method of accounting;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- certain former citizens and long-term residents of the United States; or
- U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax, the Medicare tax on unearned income or alternative minimum tax consequences of the acquisition, ownership, and disposition of the Notes and does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial issue price (generally, the first price to the public at which a substantial amount of the Notes is sold for money) and assumes that the Notes will be treated as debt for U.S. federal income tax purposes. If the Notes are not treated as debt for U.S. federal income tax purposes, the tax consequences of acquiring, owning and disposing of the Notes could be substantially different from those described herein. Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the Code, U.S. Treasury Regulations promulgated thereunder, administrative pronouncements and judicial decisions, each as available and in effect on the date of the Offering Memorandum. All of the foregoing are subject to change or differing interpretations, possibly with retroactive effect, which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

A Non-U.S. Holder is a beneficial owner of Notes that is neither a U.S. Holder nor a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

The discussion below assumes that the Finco Loans are treated as indebtedness for U.S. federal income tax purposes.

Characterization of the Issuer

The Issuer will file Internal Revenue Service ("IRS") Form 8832, electing to be treated as a partnership or an entity disregarded from its sole owner for U.S. federal income tax purposes, to be effective on or prior to the issuance of the Notes.

Redemptions and Additional Amounts

In certain circumstances (see "*Description of the Notes—Redemption and Repurchase*"), the Issuer may be obligated to make payments in excess of stated interest and the adjusted issue price of the Notes or may redeem the Notes in advance of their expected maturity. The Issuer intends to take the position that the

Notes should not be treated as contingent payment debt instruments based on the Issuer's expectations and assumptions regarding the likelihood of such payments or redemptions. Assuming such position is respected, any such amounts paid to a U.S. Holder pursuant to any repurchase or redemption would be taxable as described below in "*—Sale, Exchange or Disposition by a U.S. Holder*" and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder's method of accounting for U.S. federal income tax purposes. The Issuer's position is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury Regulations. The IRS, however, may take a position contrary to its position, which could affect the timing and character of a U.S. Holder's income with respect to the Notes. U.S. Holders should consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

U.S. Holders

Payments and Accruals of Stated Interest

Stated interest paid on the Notes will generally be treated as "qualified stated interest" and generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes, as detailed below.

Interest included in a U.S. Holder's gross income with respect to the Notes will be treated as foreign source income for U.S. federal income tax purposes. The limitation on non-U.S. taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. For this purpose, interest should generally constitute "passive category income", or in the case of certain U.S. Holders, "general category income". U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

Any qualified stated interest paid in euros will be included in a U.S. Holder's gross income in an amount equal to the U.S. dollar value of the euros, including the amount of any withholding tax thereon, regardless of whether the euros are converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. Holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the euros received. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the U.S. Holder's taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date the payment is received differs from the rate applicable to an accrual of that interest. The amount of foreign currency gain or loss to be recognized by such U.S. Holder will be an amount equal to the difference between the U.S. dollar value of the euro interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above) regardless of whether the payment is in fact converted to U.S. dollars. This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Sale, Exchange or Disposition by a U.S. Holder

If you are a U.S. Holder, you generally will recognize gain or loss on the sale, exchange, retirement or other disposition of a Note equal to the difference between the amount realized on such sale, exchange, retirement or other disposition (other than any amount received in respect of accrued and unpaid interest which, if not previously included in income, will be subject to tax in the manner described above "*—Payments and Accruals of Stated Interest*"), and your adjusted tax basis in such Note.

Your adjusted tax basis in your Note generally will equal its U.S. dollar cost increased by the amount of any OID previously included in income and decreased by payments other than qualified stated interest made with respect to the Note. If you purchase your Note with euros, the U.S. dollar cost of your Note will generally be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a Note will generally be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your Note is traded on an established securities market, the U.S. dollar cost of your Note will be the U.S. dollar value of the purchase price on the settlement date of your purchase. The election available to accrual basis U.S. Holders in respect of the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, any gain or loss recognized on the sale, exchange, retirement or other disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if the Note has been held for more than one year. Long-term capital gain of a non-corporate U.S. Holder is generally taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss you recognize on the sale or other disposition of a Note generally will be treated as income from sources within the United States or loss allocable to income from sources within the United States.

Gain or loss that you recognize on the sale, exchange, retirement or other disposition of a Note will generally be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which you held such Note. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of your euro purchase price for the Note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other disposition and (ii) the U.S. dollar value of your euro purchase price for the Note calculated at the spot rate of exchange on the date of purchase of the Note. If the Note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will equal the difference between (x) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the disposition and (y) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the purchase of the Note. The realization of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid stated interest and any OID, will be limited to the amount of overall gain or loss realized on the disposition of the Notes.

Exchange of Amounts in Other than U.S. Dollars

If you receive euros as interest on a Note or on the sale, exchange, retirement or other disposition of your Note, your tax basis in the euros will equal their U.S. dollar value when the interest is received or at the time of the sale, exchange, retirement or other disposition. If you purchased a Note with previously owned non-U.S. currency you will recognize gain or loss in an amount equal to the difference, if any, between your tax basis in such currency and the spot rate on the date of purchase. Any such gain or loss generally will be treated as ordinary income or loss from sources within the United States, provided that the residence of the U.S. Holder is considered to be the United States for purposes of the rule governing foreign currency transactions.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale or other disposition of the Notes.

Alternative Characterization of the Notes

The proper characterization of instruments such as the Notes for U.S. federal income tax purposes is uncertain. It is possible that the Notes may not be treated as indebtedness of the Issuer, but even if an alternative characterization were to apply, a U.S. Holder should, in general, be taxed in the manner similar to that described above with respect to such holder's share of interest and any disposition of the Notes. U.S. Holders are urged to consult their tax advisors in this regard.

Non-U.S. Holders

Subject to the discussion below under the caption "*—U.S. Backup Withholding Tax and Information Reporting*", if you are a Non-U.S. Holder, any payments to you on the Notes (including of interest) and any gain realized by you upon the sale, exchange or disposition of a Note will generally not be subject to U.S. federal income or withholding tax, unless:

- the payment and/or gain is effectively connected with your conduct of a trade or business in the United States; or
- in the case of any gain realized on the sale, exchange or disposition of a Note, if you are an individual Non-U.S. Holder, you are present in the United States for 183 days or more in the taxable year of the sale, exchange or disposition and certain other conditions are met.

U.S. Backup Withholding Tax and Information Reporting

Backup withholding and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or disposition of an obligation, to certain holders of Notes that are U.S. persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman (and certain subsidiaries thereof), on a Note to, or from gross proceeds of the sale or disposition of a Note paid to, a holder of a Note that is a U.S. person, other than an exempt recipient, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman (and certain subsidiaries thereof), of principal and interest and proceeds of a sale or disposition to a holder of a Note that is not a U.S. person are generally subject to information reporting, but will not be subject to backup withholding tax if an appropriate certification is timely provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withhold under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

FATCA

Legislation referred to as the Foreign Account Tax Compliance Act ("FATCA") generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating U.S. source interest or certain other debt obligations issued by a foreign financial institution entering into certain agreements with the IRS, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity). These rules will begin to phase in starting on January 1, 2014, but withholding on certain payments will not occur before 2017. Under the proposed regulations, however, the new withholding tax rules under FATCA will not apply to payments made on, or gross proceeds from sales or dispositions (including redemptions) of, debt instruments that are outstanding on January 1, 2013. Accordingly, even if the withholding under FATCA were otherwise potentially applicable to payments on or with respect to the Notes, such withholding will not apply to those payments if the grandfathering under the proposed regulations is adopted in the final regulations. Nevertheless, payments on the Notes, and gross proceeds from sales or dispositions (including redemptions) may become subject to the withholding tax rules under FATCA if the Notes are modified after January 1, 2013. If withholding is required with respect to payments on the Notes or interests therein in order for the relevant payor to comply with FATCA, holders and beneficial owners of the Notes will not be entitled to receive any additional amounts to compensate them for such withholding. The IRS's guidance with respect to these rules is only preliminary, and the scope of these rules remains unclear and potentially subject to material changes. Holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary standards and certain other requirements on employee benefit plans subject to ERISA, including entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment should be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment, including, but not limited to, the matters discussed above under "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes or any interest therein.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, "Plans"), and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the Code, and the transaction may have to be rescinded.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code ("Similar Laws").

Each of the Issuer, Telenet Group Holding, the Initial Purchasers, the Trustee and certain other parties, or their respective affiliates, may be the sponsor of, or Fiduciary to, one or more Plans. Because such parties may receive certain benefits in connection with the sale of the Notes to such Plans, the purchase of such Notes using the assets of a Plan over which any of such parties is the sponsor or a Fiduciary might be deemed to be a violation of the prohibited transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be purchased using the assets of any Plan if any of the Issuer, Telenet Group Holding, the Initial Purchasers, the Trustee or their respective affiliates is the sponsor of or Fiduciary to, such Plan.

In addition, if the Notes are acquired by a Plan with respect to which the Issuer, Telenet Group Holding, the Initial Purchasers, the Trustee, any holder of the Notes or any of their respective affiliates is a party in interest or a disqualified person, other than a sponsor of, or Fiduciary to, such Plan, such transaction could be deemed to be a direct or indirect prohibited transaction within the meaning of Section 406 of ERISA and/or Section 4975 of the Code. In addition, if a party in interest or disqualified person with respect to a Plan owns or acquires a 50% or more beneficial interest in the Issuer, the acquisition or holding of the Notes by or on behalf of such Plan could be considered to constitute an indirect prohibited transaction. Moreover, the acquisition or holding of the Notes or other indebtedness issued by the Issuer by or on behalf of a party in interest or disqualified person with respect to a Plan that owns or acquires an equity interest in the Issuer also could give rise to an indirect prohibited transaction. Certain exemptions from the prohibited transaction provisions of ERISA and Section 4975 of the Code could be applicable, however, to a Plan's acquisition of a Note depending in part upon the type of Fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("PTE") 90-1, regarding investments by insurance company pooled separate accounts; PTE 91-38, regarding investments by bank collective investment funds; PTE 84-14 (amended effective November 3, 2010), regarding transactions effected by a "qualified professional asset manager;" PTE 96-23, regarding investments by certain "in-house asset managers;" and PTE 95-60, regarding investments by insurance company general accounts. In addition to the class exemptions listed above, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory prohibited transaction exemption for transactions between a Plan and a person or entity that is a party in interest to such Plan solely by reason of providing services to the Plan (other than a party in interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the Plan involved in the transaction), provided that the Plan receives no less, and pays no more than "adequate consideration" (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the transaction. Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might not cover all acts which might be construed as prohibited transactions.

EACH ACQUIRER AND EACH TRANSFEREE OF A NOTE OR ANY INTEREST THEREIN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTES OR ANY INTEREST THEREIN, THAT (1) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY SIMILAR LAWS, AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER ISSUER NOR ANY OF ITS AFFILIATES IS A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THE NOTES AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTES; AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTES OR ANY INTEREST THEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE.

THE ISSUER, TELENET GROUP HOLDING, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY. THE ACQUIRER AND ANY FIDUCIARY CAUSING IT TO ACQUIRE AN INTEREST IN ANY NOTES AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, FROM AND AGAINST ANY COST, DAMAGE OR LOSS INCURRED BY ANY OF THEM AS A RESULT OF ANY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS BEING OR BECOMING FALSE.

ANY PURPORTED ACQUISITION OR TRANSFER OF ANY NOTE OR BENEFICIAL INTEREST THEREIN TO AN ACQUIRER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE REQUIREMENTS DESCRIBED HEREIN SHALL BE NULL AND VOID *AB INITIO*.

It should be noted that an insurance company's general account may be deemed to include assets of Plans under certain circumstances, e.g., where a Plan purchases an annuity contract issued by such an insurance company, based on the reasoning of the United States Supreme Court *in John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993). An insurance company considering the purchase of Notes with assets of its general account should consider such purchase and the insurance company's ability to make the representations described above in light of *John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank*, Section 401(c) of ERISA and a regulation promulgated by the U.S. Department of Labor under that Section of ERISA, 29 C.F.R. Section 2550.401c-1.

A fiduciary of an ERISA Plan or other employee benefit plan that is subject to Similar Laws, prior to investing in the Notes or any interest therein, should take into account, among other considerations, whether the fiduciary has the authority to make the investment; the composition of the plan's portfolio with respect to diversification by type of asset; the plan's funding objectives; the tax effects of the investment; and whether, under the general fiduciary standards of ERISA or other applicable laws, including investment prudence and diversification, an investment in the Notes or any interest therein is appropriate for the plan, taking into account the plan's particular circumstances and all of the facts and circumstances of the investment, including such matters as the overall investment policy of the plan and the composition of the plan's investment portfolio.

The sale of any Note or any interest therein to a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Laws is in no respect a representation by the Issuer, Telenet Group Holding, the Initial Purchasers or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the prohibited transaction exemptions described above, or any other prohibited transaction exemption, would apply to such an investment by such plan in general or any particular such plan; or that such an investment is appropriate for such plan generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in these Listing Particulars, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

Any Plan or employee benefit plan not subject to ERISA or Section 4975 of the Code, and any fiduciary thereof, proposing to invest in the Notes or any interest therein should consult with its legal advisors regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any Similar Laws, to such investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of any applicable requirement of ERISA, Section 4975 of the Code or Similar Laws.

PLAN OF DISTRIBUTION

The Issuer agreed to sell to the Initial Purchasers, and the Initial Purchasers agreed to purchase from the Issuer, the entire principal amount of the Notes. The sale was made pursuant to a purchase agreement dated August 13, 2012.

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase Notes from the Issuer, were several and not joint. Pursuant to the terms of the purchase agreement, the Issuer agreed to sell to each Initial Purchaser, and each Initial Purchaser agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €700 million. Sales in the United States were made through affiliates of the Initial Purchasers.

The Initial Purchasers initially proposed to offer the Notes for resale at the issue price that appears on the cover of these Listing Particulars. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Issuer has agreed that:

- The Issuer will not offer or sell any of its debt securities having a maturity of more than one year from the date of issue of the Notes (other than the Notes and subject to certain other expections), without the prior consent of the Initial Purchasers, for a period of 30 days after the date of the Offering Memorandum.
- The Issuer will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial lending, consulting and financial advisory services to members of the Telenet Group, including the Issuer, and any of their respective affiliates in the ordinary course of business for which the Initial Purchasers may receive customary advisory and transaction fees and expense reimbursement. Certain of the Initial Purchasers or their affiliates are arrangers and lenders under the Senior Credit Facilities. Certain of the Initial Purchasers or their affiliates are party to certain of Telenet's hedging arrangements. In addition, BNP Paribas Investment Partners SA, one of our shareholders, is an affiliate of BNP Paribas, an Initial Purchaser of the Notes.

United States

Each purchaser of Notes, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under "*Transfer Restrictions*".

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Until 40 days after the later of (i) the commencement of this offering and (ii) the issue date of the Notes, an offer or sale of Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements for the U.S. Securities Act is such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*".

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of these Listing Particulars, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

United Kingdom

In the purchase agreement, each Initial Purchaser has also represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the FSM Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSM Act) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSM Act does not apply to such Initial Purchaser.

Each Initial Purchaser has also agreed in the purchase agreement that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Memorandum, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

These Listing Particulars are directed solely at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). These Listing Particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particulars relate is available only to relevant persons and will be engaged in only with relevant persons.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance of Article 3(2)(b).

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

General

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions". The Issuer has applied for the Notes to be admitted to listing and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Initial Purchasers have advised the Issuer and Telenet Group Holding that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, the Issuer and Telenet Group Holding cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the Notes, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

LEGAL MATTERS

Certain legal matters in connection with this offering were passed upon for Telenet Group Holding and the Issuer by Ropes & Gray International LLP, London, England, as to matters of United States federal, New York and English law; by Loyens & Loeff Luxembourg, as to matters of Luxembourg law and for Telenet Group Holding by Cleary Gottlieb Steen & Hamilton LLP, as to matters of Belgian law.

Certain legal matters in connection with this offering were passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, London, England, as to matters of United States federal, New York and English law; by Allen & Overy LLP, as to matters Belgian law; and by Allen & Overy Luxembourg, as to matters of Luxembourg law.

Certain legal matters in connection with this offering were passed upon for the Trustee by Hogan Lovells International LLP, London, England, as to matters of English law.

ENFORCEMENT OF JUDGMENTS

Telenet Group Holding and some of its subsidiaries are organized under the laws of Belgium. The Issuer is a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of the Grand Duchy of Luxembourg.

Many of the directors, members of the supervisory board, general partners, officers and other executives of the Issuer and Telenet Group Holding are neither residents nor citizens of the United States. Furthermore, most of the assets of the Issuer or Telenet Group Holding are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer has appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Luxembourg or Belgium upon those persons, the Issuer or Telenet Group Holding or over other subsidiaries of Telenet Group Holding that the Hague Convention on the Service Abroad of Judicial and Commercial Matters of November 15, 1965 is complied with.

The Issuer has been advised by Loyens & Loeff Luxembourg, its Luxembourg counsel, that a valid final and conclusive judgment against an issuer of Luxembourg nationality with respect to the Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg subject to compliance with the enforcement procedures set out in Article 678 et seq. of the Luxembourg *Nouveau Code de Procedure Civile* being:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is final and enforceable in the jurisdiction where the decision is rendered;
- the U.S. Court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. Court has acted in accordance with its own procedural laws;
- the judgment was granted following proceedings where the counterparty had the opportunity to appear, and if appeared, to present a defense;
- the decision of the U.S. Court must not have been obtained by fraud; and
- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*).

The Issuer has been also advised by its Luxembourg counsel that if an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law if the choice of such foreign law was not made *bona fide* or if (i) the foreign law was not pleaded and proved or (ii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

The Issuer has been advised by Cleary Gottlieb Steen & Hamilton LLP, Belgian counsel to Telenet Group Holding, that final and enforceable judgments rendered by foreign courts can be declared enforceable in Belgium according to the procedure set out in Articles 22 and sq. of the Belgian Code of International Private Law (*Wetboek van Internationaal Privaatrecht*) and provided that, pursuant to Article 24 of the same Code, the following documents are produced in court by the claimant:

- an official copy of the judgment (*uitgifte van de beslissing*) fulfilling all conditions required for its authentification under the applicable foreign law;
- if obtained by default, an original or legalized copy of the document demonstrating that the originating process has been served on the defendant in accordance with the applicable foreign law;

- any document demonstrating that, under the applicable foreign law, the judgment is enforceable and has been notified to the defendant.

However, enforcement can be refused in the circumstances described in Article 25 of the Belgian Code of International Private Law and notably, if:

- the rights of defense have been violated;
- such enforcement would be incompatible with Belgian public policy;
- the decision may still be appealed under the applicable foreign law (however, provisional enforcement could then be granted); or
- Belgian jurisdictions had exclusive jurisdictions in respect of that matter.

INDEPENDENT AUDITORS

The statutory auditors of Telenet Group Holding are KPMG Bedrijfsrevisoren CVBA, of Bourgetlaan 40, 1130 Brussels, Belgium. KPMG Bedrijfsrevisoren CVBA is a member of the Belgian *Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*. The financial statements of Telenet Group Holding and its subsidiaries, as of and for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 have been audited by KPMG Bedrijfsrevisoren CVBA as stated in the audit report by KPMG Bedrijfsrevisoren CVBA appearing herein.

The independent external auditors (*Réviseurs d'entreprises agréé*) of the Issuer are KPMG Audit, société à responsabilité limitée, with registered office at 9, Allée Scheffer, L-2520 Luxembourg, RCS Luxembourg B 103590. KPMG Audit is a member of the Luxembourg Institut des Réviseurs d'Entreprises. The Issuer's annual accounts are audited and prepared in accordance with Luxembourg GAAP.

The statutory auditors of Telenet NV are KPMG Bedrijfsrevisoren CVBA, of Bourgetlaan 40, 1130 Brussels, Belgium. KPMG Bedrijfsrevisoren CVBA is a member of the Belgian *Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. The Issuer approved the issuance of the Notes, the application for listing on the Official List of the Luxembourg Stock Exchange and the application for trading on the Euro MTF Market pursuant to resolutions dated August 13, 2012. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Copies of the following documents may be obtained or inspected in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered offices of the Issuer and the Listing Agent, Transfer Agent and Principal Paying Agent so long as the Notes are listed on the Luxembourg Stock Exchange:

(1) the memorandum and articles of association of the Issuer;

(2) the Telenet Group Financial Statements;

(3) the Issuer Financial Statements (including an audited financial statement as at the date of incorporation (November 16, 2011) and unaudited statements of financial position and cash flows as at the incorporation date and June 30, 2012);

(4) the Indenture governing the Notes;

(5) the purchase agreement;

(6) each Accession Agreement;

(7) the Notes Security Documents;

(8) the Telenet Fee Letter;

(9) the Telenet Service Agreement; and

(10) the Senior Credit Facility.

The Issuers has appointed The Bank of New York Mellon (Luxembourg) S.A. as listing agent and registrar with respect to the Notes. The Issuer reserves the right to vary such appointment in accordance with the terms of the indenture governing the Notes.

Pursuant to Part 1, point 502 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes will be freely transferable on the Luxembourg Stock Exchange.

The gross proceeds of the offering of the Notes was €700 million.

Clearing Information

The Notes have been accepted for clearance through Euroclear and Clearstream. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium; and the address of Clearstream is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The 2022 Notes sold pursuant to Regulation S and the 2022 Notes sold pursuant to Rule 144A of the U.S. Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 078393548 and 078393521, respectively. The international securities identification number (ISIN) for the 2022 Notes sold pursuant to Regulation S is XS0783935488 and the international securities identification number (ISIN) for the 2022 Notes sold pursuant to Rule 144A is ISIN: XS0783935215.

The 2024 Notes sold pursuant to Regulation S and the 2024 Notes sold pursuant to Rule 144A of the U.S. Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 078393530 and 078393513, respectively. The international securities identification number (ISIN) for the 2024 Notes sold pursuant to Regulation S is XS0783935306 and the international securities identification number (ISIN) for the 2024 Notes sold pursuant to Rule 144A is XS0783935132.

Legal Information regarding the Issuer

The Issuer is currently incorporated under the name of Telenet Finance V Luxembourg S.C.A. as a corporate partnership limited by shares, *société en commandite par actions*, incorporated under the laws of Luxembourg on November 16, 2011. Copies of the Issuer's constitutional documents have been filed with the Luxembourg Trade and Companies Register and were published in the *Memorial C*, *Recueil des Societes et Associations* on January 9, 2012. The registered office of the Issuer is at 5, rue Guillaume Kroll, L-1882 Luxembourg. The Issuer's telephone number is +352 48 18 28 1. The Issuer is registered with the Luxembourg Trade and Companies Register under number B164890.

The Issuer has a share capital of €31,000 comprised of 999 Ordinary Shares and one GP Share, all of which have been subscribed and fully paid-up. The Ordinary Shares are held by the Foundation, the GP Share is held by the GP and all Shares in the GP are held by the Foundation. Copies of the Foundation's constitutional documents were filed with the Chamber of Commerce for Amsterdam on October 27, 2011. The registered office of the Foundation is at De Boelelaan 7, 1083 HJ Amsterdam, The Netherlands. The Foundation is registered with the Chamber for Commerce for Amsterdam under number 53833430. The Foundation is managed by a director, which is at present, Corfas B.V., a private limited liability company incorporated under the laws of The Netherlands with principal place of business at De Boelelaan 7, 1083 HJ Amsterdam, The Netherlands. The Foundation has been incorporated for the primary purpose of holding the shares of the Issuer.

Management

The Issuer is managed by the GP, under the supervision of a supervisory board currently consisting of three members. The Issuer is unaware of any conflicts of interest between the duties that the GP or any member of the supervisory board owes to the Issuer and its private interests or other duties. The member of the supervisory board of the Issuer at present are:

- Mrs. Alexandre Trutt, a private employee of Alter Domus Luxembourg, having her professional address at 5, rue Guillaume Kroll L-1882 Luxembourg;
- Mr. Frank Przygodda, a private employee of Alter Domus Luxembourg, having his professional address at 5, rue Guillaume Kroll L-1882 Luxembourg; and
- Mr. Christophe Davezac, a private employee of Alter Domus Luxembourg, having his professional address at 5, rue Guillaume Kroll L-1882 Luxembourg.

Business Year

The Issuer's fiscal year ends on December 31.

Annual accounts

The annual accounts will be published by the Issuer on an annual basis. These statements will be audited by the Issuer's independent auditors (see below). The Issuer will also prepare half-yearly financial reports and publish them in accordance with applicable law.

Since its incorporation on November 16, 2011 no annual accounts of the Issuer have been prepared. The Issuer intends to publish its first annual accounts in respect of the year ended 2012. Any future published annual accounts prepared by the Issuer (which will be in respect of the period ending on December 31 in each year) will be available from the Principal Paying Agent.

Auditors

The external independent auditors of the Issuer are KPMG Audit, société à responsabilité limitée, with registered office at 9, Allée Scheffer, L-2520 Luxembourg, RCS Luxembourg B 103590. KPMG Audit is a member of the Luxembourg *Institut des Réviseurs d'Entreprises*.

Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings against or affecting the Issuer, nor is the Issuer aware of any pending or threatened proceedings of such kind, which may have or have had a significant effect on the financial position of the Issuer.

No Conflict of Interests

There are no potential conflicts of interests between any duties to the Issuer, of the members of the board of directors of the Issuer and their private interests.

See "*Description of the Issuer*".

No Material Adverse Change

As of the date of these Listing Particulars, there has been no material adverse change with respect to the Issuer or its capacity to fulfill its obligations under the Notes.

Legal Information regarding Telenet Group Holding

Telenet Group Holding NV is a limited liability company and was incorporated on June 3, 2002 and operates under the laws of the Kingdom of Belgium. The issued share capital of Telenet Group Holding is €12,280,392.23 divided into 113,593,687 fully paid registered shares with no par value and each representing a pro rata portion of the share capital. Telenet Group Holding's registered address is Liersesteenweg 4, B-2800 Mechelen, Belgium. Telenet Group Holding is registered in the register of legal entities (*RPR*) under number 0477.702.333.

Telenet Group Holding's fiscal year ends on December 31.

Legal Information regarding Telenet NV

Telenet NV is a public limited liability company (*naamloze vennootschap/société anonyme*) organized and existing under the laws of Belgium. Telenet NV was incorporated pursuant to the laws of Belgium on December 1, 2000 for an indefinite period of time. Its registered office is located at Liersesteenweg 4, 2800 Mechelen, Belgium. Telenet NV is registered with the register of enterprises of Belgium under number 0473.416.418 (*RPR* (*Register of Legal Entities*) *Mechelen*). The telephone number of Telenet NV is +32 15 333 000.

The share capital of Telenet NV at the date of the Offering Memorandum is €443,414,620.37, divided into 36,117,708 fully paid-up shares with no par value (*nominale waarde/valeur nominale*) and each representing a pro rata portion of the share capital. All shares of Telenet NV are owned by Telenet Group Holding.

See "*Description of Telenet NV*".

Legal Information regarding Telenet International Finance

Telenet International Finance is incorporated under the name of Telenet International Finance S.à r.l. as a private limited liability company, *société à responsabilité limitée*, incorporated under the laws of Luxembourg on August 17, 2010. The registered office of Telenet International Finance is at 2, rue Peternelchen, L-2370 Howald, Luxembourg. Telenet International Finance is registered with the Luxembourg Trade and Companies Register under number RCS B.155.066. The telephone number of Telenet International Finance is +352 268 47095.

Telenet International Finance has a share capital of €2,031,000 comprising 1,000 shares without par value, each being fully paid up. All of the issued shares of Telenet International Finance are held by Telenet NV. See "*Description of Telenet NV*" for further details of Telenet NV.

See "*Description of Telenet International Finance*".

Listing Particulars

Telenet NV, Telenet International Finance and the Issuer (except as noted on page iii of these Listing Particulars) accept responsibility for the accuracy of the information contained in these Listing Particulars. To the best knowledge and belief of Telenet NV, Telenet International Finance and the Issuer, as of the date of the Offering Memorandum the information contained in these Listing Particulars for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

These Listing Particulars constitute a Prospectus for the purpose of Luxembourg Law dated July 10th, 2005 on Prospectuses for Securities as amended.

The Trustee

The Notes provide for the Trustee to take action on behalf of the holders of the Notes in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances, the Trustee will be unable to take action, notwithstanding the provision of an indemnity or security to it, and it will be for the holders of the Notes to take action directly. If the Trustee resigns or is removed, the Issuer will appoint a successor.

GLOSSARY

Term	Definition
"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, 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.
"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.
"Belgacom"	Belgacom NV/SA, the incumbent fixed-line operator in Belgium and main competitor to Telenet.
"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.
"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.
"Combined Network"	The combination of Telenet's own network and the Partner Network.
"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.
"Customer Relationships"	The number of customers who receive at least one level of service that Telenet Group Holding count as a Revenue Generating Unit (RGU) 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.
"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.
"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.
"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.

Term	Definition
"HD"	High definition.
"HFC"	Hybrid fiber coaxial.
"Homes passed"	Telenet's estimate of the number of potential residential, SoHo and SME subscribers to whom it can offer its services.
"HSPA"	High Speed Packet Access, a type of UMTS3G network that supports both mobile communications technology that provides enhanced download and upload speeds.
"iDTV"	Interactive digital television.
"INDI"	Non-interactive digital television platform acquired pursuant to the PICs Agreement.
"internet"	A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP (internet Protocol) communications protocol.
"internet Subscriber"	A home, residential multiple dwelling unit or commercial unit that receives internet services over Telenet's networks.
"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.
"local loop"	The network element used to connect a subscriber to the nearest switch or concentrator, commonly referred to as the "last mile" because it is the part of the network that is connected directly to the subscriber; alternatively the HFC access network.
"LTE"	Long term evolution technology being a standard in mobile network technology.
"MHz"	Megahertz; a unit of frequency equal to one million Hertz.
"Mbps"	Megabits per second; each megabit is one million bits.
"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.
"PSTN"	Public switched telephone network.
"quad-play"	Triple-play with the addition of mobile telephony service.
"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)

Term	Definition
	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.
"RTD"	The Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie/Union professionnelle de radio et de télédistribution).
"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.
"SME"	Small or medium sized enterprise.
"SoHo"	A small office at home.
"Telephony subscriber"	A home, residential multiple dwelling unit or commercial unit that receives voice services over Telenet's network.
"traffic data"	Data processed for the purpose of the conveyance of a communication on an electronic communications network or for billing.
"triple-play"	Where a customer has subscribed to a combination of three products, digital cable television, broadband internet and fixed telephony services, from Telenet.
"UMTS"	Universal Mobile Telecommunications Service, a 3G mobile networking standard commonly used to upgrade GSM networks to 3G standards.
"Uradex"	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*).
"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"	The Flemish Media Regulator (*Vlaamse Regulator voor de Media*).
"VRT"	Vlaamse Radio- en Televisieomroep.
"VDSL"	Very high speed DSL. A high speed variant of ADSL.
"VoN"	Voice over Net, a form of telephony over the internet that is usually a lower quality than VoIP.
"WiMax"	Worldwide interoperability for microwave access, which is a telecommunications protocol that provides fixed and fully mobile internet access.

INDEX OF FINANCIAL INFORMATION

Telenet Finance V Luxembourg S.C.A.
Société en commandite par actions

Single Financial Statement at the date of incorporation dated
November 16, 2011
(with the report of the Réviseur
d'Entreprises agréé thereon)

5, rue Guillaume Kroll
L-1882 Luxembourg
R.C.S. Luxembourg B164.890
Subscribed Capital EUR 31,000

To the Supervisory Board of
Telenet Finance V Luxembourg S.C.A.
63, rue de Rollingergrund
L-2440 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying financial statement of Telenet Finance V Luxembourg S.C.A., which comprises the balance sheet as at November 16, 2011 (date of incorporation), and a summary of significant accounting policies and other explanatory information.

General Partner's responsibility for the financial statement

The General Partner is responsible for the preparation and fair presentation of this financial statement in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of Telenet Finance V Luxembourg S.C.A. as of November 16, 2011 (date of incorporation), in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, August 10, 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

Telenet Finance V Luxembourg S.C.A.
Société en commandite par actions

RCS number : B164.890

Single Financial Statement at November 16, 2011 (date of incorporation)
(Expressed in EUR)

	November 16, 2011 EUR
ASSETS	
Current Assets	
Cash at bank	31,000
TOTAL ASSETS	**31,000**
LIABILITIES	
Capital and reserves	
Subscribed capital	31,000
Result for the financial period	(1,080)
	29,920
Non-subordinated debts	
Other creditors becoming due and payable within one year	1,080
TOTAL LIABILITIES	**31,000**

Telenet Finance V Luxembourg S.C.A.

Notes to the Financial Statement
November 16, 2011

1. General information

Telenet Finance V Luxembourg S.C.A. (hereafter the "Company") was incorporated on November 16, 2011 and is organised under the laws of Luxembourg as partnership limited by shares "Société en Commandite par Actions" for an unlimited period. All of the shares, except one, are held by Stichting Telenet Finance V Luxembourg, a foundation (stichting) established under the laws of The Netherlands. The one remaining share is held by Telenet Finance V S.à r.l., a private limited liability company ("Société à responsabilité limitée") established under the laws of the Grand Duchy of Luxembourg.

The registered office of the Company is established at 5, rue Guillaume Kroll, L-1882 Luxembourg and is registered under section B number 164.890 of the Registry of Commerce and Companies in Luxembourg.

The Company's financial year starts on January 1st and ends on December 31st of each year, except for the first Company's financial period starts on November 16, 2011 and ends on December 31, 2012.

The main activity of the Company is:

(a) the issuance of notes for the purpose of applying all of the proceeds thereof to grant one or more loans to Telenet International Finance S.à r.l., Telenet NV or subsidiaries of any such companies (the Telenet Group), provided that as soon as an issuance of such notes has taken place in accordance with the trust deed or the indenture, as the case may be, governing such notes (respectively the Trust Deed and the Indenture), the Company may not issue any additional notes;

(b) the granting of security interests over its assets in relation to the issuance of notes referenced above;

(c) the making of deposits (including fiduciary deposits) at banks or with other depositories;

(d) the entering into (i) the Trust Deed or the Indenture and (ii) the aforesaid loan agreement with one or more members of the Telenet Group, and, in each case, into all documents and transactions contemplated thereby; and

(e) the entering into documents necessary or useful in view of the proper operation of the Company.

The Company may not carry out any activity falling within the scope of the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended.

The Company may not incur any indebtedness other than for paying costs that (i) arise in connection with the transactions contemplated by the Company's corporate object or (ii) are necessary or useful for the proper operation of the Company.

2. Significant accounting policies

2.1. Basis of preparation

The opening balance sheet has been prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg under the historical cost convention. The accounting policies and valuation principles are, apart from those enforced by the law, determined and implemented by the General Partner.

The preparation of the opening balance sheet requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the opening balance sheet in the period in which the assumptions changed. General Partner believes that the underlying assumptions are appropriate and that the opening balance sheet therefore presents the financial position and results fairly.

2.2. Formation expenses

Formation expenses are fully expensed to the profit and loss account when incurred.

2.3. Debtors

Debtors are recorded at their nominal value. A value adjustment is made when their recovery is partly or completely in doubt. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.4. Foreign currency translation

The Company maintains its books and records in EUR. All transactions expressed in currency other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

The formation expenses and the fixed assets other than the long-term loans classified as financial assets and expressed in another currency than EUR are translated in EUR at the exchange rate prevailing at the date of their acquisition. At the balance sheet date, these fixed assets are maintained at their historical exchange rate.

Cash is translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses resulting from this conversion are accounted for in the profit and loss account for the year.

Other assets and liabilities are translated separately respectively at the lower (assets) or at the higher (liabilities) of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

2.5. Non-subordinated debt

Non-subordinated debts are recorded at their repayment value.

3. Capital and reserves

3.1. Subscribed capital

The Company is currently established as a partnership limited by shares, société en commandite par actions, under the laws of the Grand Duchy of Luxembourg. Its registered capital consists of 999 ordinary shares (actions de Commanditaires) without nominal value and 1 unlimited share without nominal value (action de Commandité), the GP Share.

Authorised capital:	November 16, 2011
Ordinary shares 1,000	31,000
Equity attributable to equity holders	**31,000**

4. Non subordinated debts becoming due and payable within one year

This item is composed of notary fees in relation with the incorporation of the Company.

5. Tax status

The Company is subject in Luxembourg to the applicable general tax regulations.

6. Subsequent events

The Company intends to issue a bond. Issuance of the bond is planned to be completed by the end of August 2012, J.P. Morgan among other banks has been appointed as book runner for the bond issuance. The Company will distribute the proceeds to a third party under the same terms and conditions as the bond.

Telenet Finance V Luxembourg S.C.A.

STATEMENT OF FINANCIAL POSITION

November 16, 2011
(incorporation date)
and June 30, 2012
(unaudited)

(in thousands of EUR)	June 30, 2012 (unaudited)	November 16, 2011 (audited)
ASSETS		
Current assets:		
Cash	29.3	31.0
Receivable	2.6	0.0
Total current assets	31.9	31.0
Total assets	31.9	31.0
LIABILITIES & SHAREHOLDER EQUITY		
Total liabilities	0.8	1.1
Shareholder equity:		
Common stock	31.0	31.0
Retained earnings	0.1	(1.1)
Total shareholders' equity	31.1	29.9
Total liabilities and shareholder equity	31.9	31.0

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

Telenet Finance V Luxembourg S.C.A.

CASH FLOW STATEMENT

November 16, 2011
(incorporation date)
and June 30, 2012
(unaudited)

	November 16, 2011 (incorporation date)— June 30, 2012
Net cash used in operating activities	1.7
Net cash used in investing activities	—
Net cash from financing activities	—
Net decrease in cash and cash equivalents	1.7
Cash and cash equivalents, beginning of period	31.0
Cash and cash equivalents, end of period	29.3

Telenet Group Holding NV
June 30, 2012
Condensed consolidated interim financial statements

1 Condensed consolidated interim statement of financial position

	Note	June 30, 2012	December 31, 2011
		(in thousands of euro)	
Assets			
Non-current assets:			
Property and equipment	5.4	1,306,942	1,301,121
Goodwill	5.5	1,241,798	1,241,798
Other intangible assets	5.6	376,047	409,484
Deferred tax assets	5.14	24,770	10,721
Derivative financial instruments	5.13	125	190
Investments in equity accounted investees	5.21	505	187
Other assets	5.8	31,217	38,886
Total non-current assets		**2,981,404**	**3,002,387**
Current assets:			
Inventories	5.9	12,021	9,139
Trade receivables	5.7	94,087	93,623
Derivative financial instruments	5.13	487	1,988
Other current assets	5.8	98,134	88,000
Cash and cash equivalents	5.10	357,021	346,597
Total current assets		**561,750**	**539,347**
Total assets		**3,543,154**	**3,541,734**
Equity and Liabilities			
Equity:			
Share capital	5.11	12,280	294,190
Share premium and other reserves	5.11	904,209	1,005,724
Retained loss	5.11	(1,661,041)	(1,548,156)
Total equity attributable to owners of the Company		**(744,552)**	**(248,242)**
Non-controlling interests	5.11	3,724	9
Total equity		**(740,828)**	**(248,233)**
Non-current liabilities:			
Loans and borrowings	5.12	2,963,388	2,904,131
Derivative financial instruments	5.13	121,522	94,093
Deferred revenue	5.18	3,443	4,380
Deferred tax liabilities	5.14	64,225	29,114
Other liabilities	5.15	97,823	115,598
Total non-current liabilities		**3,250,401**	**3,147,316**
Current liabilities:			
Loans and borrowings	5.12	59,633	55,402
Trade payables		125,907	147,341
Accrued expenses and other current liabilities	5.17	721,748	319,780
Deferred revenue	5.18	84,588	86,791
Derivative financial instruments	5.13	37,665	28,877
Current tax liability	5.16	4,040	4,460
Total current liabilities		**1,033,581**	**642,651**
Total liabilities		**4,283,982**	**3,789,967**
Total Equity and liabilities		**3,543,154**	**3,541,734**

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

2 Condensed consolidated interim statement of comprehensive income

	Note	For the 6 months ended June 30, 2012	2011
		(in thousands of euro, except per share data)	
Revenue	5.18	726,962	669,860
Cost of services provided	5.19	(414,964)	(374,880)
Gross profit		**311,998**	**294,980**
Selling, general and administrative expenses	5.19	(120,747)	(114,554)
Operating profit		**191,251**	**180,426**
Finance income		3,454	24,999
Net interest income and foreign exchange gain	5.20	3,454	4,574
Net gain on derivative financial instruments	5.13	—	20,425
Finance expense		(145,746)	(102,562)
Net interest expense and foreign exchange loss	5.20	(107,784)	(97,251)
Net loss on derivative financial instruments	5.13	(37,962)	—
Loss on extinguishment of debt		—	(5,311)
Net finance expenses	5.20	**(142,292)**	**(77,563)**
Share of the profit (loss) of equity accounted investees	5.21	24	(177)
Profit before income tax		48,983	102,686
Income tax expense		(24,025)	(44,214)
Profit for the period		**24,958**	**58,472**
Other comprehensive income for the period, net of income tax		**—**	**—**
Total comprehensive income for the period		**24,958**	**58,472**
Profit attributable to:		**24,958**	**58,472**
Owners of the Company		24,963	58,472
Non-controlling interests		(5)	—
Total comprehensive income for the period, attributable to :		**24,958**	**58,472**
Owners of the Company		24,963	58,472
Non-controlling interests		(5)	—
Earnings per share			
Basic earnings per share in €	5.22	0.22	0.52
Diluted earnings per share in €	5.22	0.22	0.51

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

3 Condensed consolidated interim statement of changes in equity

(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Reserve for repurchase obligation of own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the Company											
January 1, 2011		**112,428,040**	**797,350**	**65,812**	**24,007**	**64,798**	**—**	**—**	**825,350**	**(1,559,845)**	**217,472**	**—**	**217,472**
Total comprehensive income for the period													
Profit for the period		—	—	—	—	—	—	—	—	58,472	58,472	—	58,472
Other comprehensive income		—	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**58,472**	**58,472**	**—**	**58,472**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.11	—	—	—	6,327	—	—	—	—	—	6,327	—	6,327
Compensation cost related to Employee Share Purchase Plan	5.11	—	—	—	2,353	—	—	—	—	—	2,353	—	2,353
Issuance of share capital via exchange of Class B Profit Certificates	5.11	36,709	203	—	(203)	—	—	—	—	—	—	—	—
Proceeds received upon exercise of Class B Options	5.11	—	—	—	67	—	—	—	—	—	67	—	67
Proceeds received upon exercise of 2007 bis Warrants	5.11	111,208	789	629	—	—	—	—	—	—	1,418	—	1,418
Proceeds received upon exercise of 2007 ter Warrants	5.11	355	3	2	—	—	—	—	—	—	5	—	5
Proceeds received upon exercise of 2007 quater Warrants	5.11	176,205	1,250	976	—	—	—	—	—	—	2,226	—	2,226
Proceeds received upon exercise of 2007 sexies Warrants	5.11	861	6	9	—	—	—	—	—	—	15	—	15
Proceeds received upon exercise of 2007 septies Warrants	5.11	10,000	71	169	—	—	—	—	—	—	240	—	240
Proceeds received upon exercise of 2010 primo Warrants	5.11	70,498	500	1,193	—	—	—	—	—	—	1,693	—	1,693
Repayment of capital to shareholders	5.11	—	(509,288)	—	—	—	—	—	—	—	(509,288)	—	(509,288)
Issuance of share capital through Employee Share Purchase Plan	5.11	341,168	2,420	6,580	—	—	—	—	—	—	9,000	—	9,000
Total contributions by and distributions to owners of the Company		**747,004**	**(504,046)**	**9,558**	**8,544**	**—**	**—**	**—**	**—**	**—**	**(485,944)**	**—**	**(485,944)**
June 30, 2011		**113,175,044**	**293,304**	**75,370**	**32,551**	**64,798**	**—**	**—**	**825,350**	**(1,501,373)**	**(210,000)**	**—**	**(210,000)**

(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Reserve for repurchase obligation of own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the Company											
January 1, 2012		**113,516,857**	**294,190**	**79,324**	**36,875**	**69,938**	**(5,763)**	**0**	**825,350**	**(1,548,156)**	**(248,242)**	**9**	**(248,233)**
Total comprehensive income for the period													
Profit for the period		—	—	—	—	—	—	—	—	24,963	24,963	(5)	24,958
Other comprehensive income		—	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**24,963**	**24,963**	**(5)**	**24,958**
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Recognition of share-based compensation	5.11	—	—	—	3,617	—	—	—	—	—	3,617	—	3,617
Dividend	5.11	—	—	—	—	—	—	—	—	(113,594)	(113,594)	—	(113,594)
Proceeds received upon exercise of Class A Options	5.11	346,025	897	432	—	—	—	—	—	—	1,329	—	1,329
Proceeds received upon exercise of 2007 Warrants	5.11	21,500	56	260	—	—	—	—	—	—	316	—	316
Proceeds received upon exercise of 2007 bis Warrants	5.11	367,234	952	3,081	—	—	—	—	—	—	4,033	—	4,033
Proceeds received upon exercise of 2007 ter Warrants	5.11	19,391	50	166	—	—	—	—	—	—	216	—	216
Proceeds received upon exercise of 2007 quater Warrants	5.11	48,154	125	399	—	—	—	—	—	—	524	—	524
Proceeds received upon exercise of 2007 sexies Warrants	5.11	6,683	17	82	—	—	—	—	—	—	99	—	99
Proceeds received upon exercise of 2007 septies Warrants	5.11	5,000	13	90	—	—	—	—	—	—	103	—	103
Proceeds received upon exercise of 2010 primo Warrants	5.11	59,934	155	1,084	—	—	—	—	—	—	1,239	—	1,239
Proceeds received upon exercise of 2010 bis Warrants	5.11	2,901	8	64	—	—	—	—	—	—	72	—	72
Proceeds received upon exercise of 2010 ter Warrants	5.11	500	1	12	—	—	—	—	—	—	13	—	13
Incorporation of share premium into share capital	5.11	—	84,994	(84,994)	—	—	—	—	—	—	—	—	—
Cost of capital	5.11	—	—	—	—	—	—	—	(36)	—	(36)	—	(36)
Own shares acquired	5.11	—	—	—	—	—	(39,818)	—	—	—	(39,818)	—	(39,818)
Repurchase obligation for own shares	5.11	—	—	—	—	—	—	(10,208)	—	—	(10,208)	—	(10,208)
Cancellation of own shares	5.11	(800,492)	—	—	—	—	24,254	—	—	(24,254)	—	—	—
Repayment of capital to shareholders	5.11	—	(369,178)	—	—	—	—	—	—	—	(369,178)	—	(369,178)
Total contributions by and distributions to owners of the Company		**76,830**	**(281,910)**	**(79,324)**	**3,617**	**—**	**(15,564)**	**(10,208)**	**(36)**	**(137,848)**	**(521,273)**	**—**	**(521,273)**
Changes in ownership interests in subsidiaries													
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	—	3,720	3,720
Total transactions with owners of the Company		**76,830**	**(281,910)**	**(79,324)**	**3,617**	**—**	**(15,564)**	**(10,208)**	**(36)**	**(137,848)**	**(521,273)**	**3,720**	**(517,553)**
June 30, 2012		**113,593,687**	**12,280**	**—**	**40,492**	**69,938**	**(21,327)**	**(10,208)**	**825,314**	**(1,661,041)**	**(744,552)**	**3,724**	**(740,828)**

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

4 Condensed consolidated interim statement of cash flows

	Note	For the 6 months ended June 30, 2012	2011
		(in thousands of euro)	
Cash flows provided by operating activities:			
Profit for the period		24,958	58,472
Adjustments for:			
Depreciation, amortization and impairment	5.19	189,395	164,121
Losses (gains) on disposal of property and equipment and other intangible assets	5.19	2,456	(23)
Income tax expense		24,025	44,214
Decrease in allowance for bad debt	5.7	(4,292)	(3,043)
Net interest income and foreign exchange gain	5.20	(3,454)	(4,574)
Net interest expense and foreign exchange loss	5.20	107,784	97,251
Net loss (gain) on derivative financial instruments	5.20	37,962	(20,425)
Loss on extinguishment of debt	5.20	—	5,311
Gain (loss) in equity-accounted investees		(24)	177
Share based payments	5.19	3,617	8,680
Change in:			
Trade receivables		(2,578)	(1,370)
Other assets		(5,021)	971
Deferred revenue		(3,140)	(2,341)
Trade payables		(5,015)	(14,323)
Other liabilities		(2,183)	(2,207)
Accrued expenses and other current liabilities		8,697	25,127
Interest paid		(93,365)	(72,859)
Interest received		4,274	2,077
Income taxes paid		(3,382)	(86)
Cash received for derivatives		—	2,500
Net cash provided by operating activities		**280,714**	**287,650**
Cash flows used in investing activities:			
Purchases of property and equipment		(123,113)	(118,919)
Purchases of intangibles		(38,050)	(28,975)
Investments in equity accounted investees	5.21	(298)	—
Proceeds from sale of property and equipment and other intangibles		1,311	1,348
Purchases of broadcasting rights for resale purposes		(6,711)	—
Proceeds from the sale of broadcasting rights for resale purposes		6,711	—
Net cash used in investing activities		**(160,150)**	**(146,546)**
Cash flows provided by (used in) financing activities:			
Repayments of loans and borrowings	5.12	(124,009)	(286,468)
Proceeds from loans and borrowings	5.12	175,000	700,000
Payments of finance lease liabilities		(11,168)	(12,055)
Payments for debt issuance costs		(5,784)	(11,570)
Repurchase of own shares		(38,843)	—
Proceeds from exercise of options and warrants	5.11	7,944	5,664
Proceeds from capital transactions with equity participants		157	—
Proceeds from issuance of share capital through Employee Share Purchase Plan		—	9,000
Payments related to capital reductions and dividend	5.11	(113,437)	(76)
Net cash provided by (used in) financing activities		**(110,140)**	**404,495**
Net increase in cash and cash equivalents		**10,424**	**545,599**
Cash and cash equivalents:			
at January 1	5.10	346,597	639,581
at June 30	5.10	357,021	1,185,180

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

5 Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2012

5.1 REPORTING ENTITY AND BASIS OF PREPARATION

5.1.1 Reporting entity

The accompanying condensed consolidated interim financial statements (the "Interim Financial Statements") present the operations of Telenet Group Holding NV and its subsidiaries (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 the course of 2010 and 2011 in order to structure the Company's financing operations.

5.1.2 Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements as of and for the year ended December 31, 2011. Results for the six months ended June 30, 2012 are not necessarily indicative of future results.

The Interim 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 in the notes to the Company's consolidated financial statements as of and for the year ended December 31, 2011. The Interim Financial Statements were approved for issue by the board of directors on July 25, 2012.

5.1.3 Functional and presentation currency

The Interim Financial Statements are presented in euro, which is the Company's functional currency.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs as adopted by the EU 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 Interim 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 Interim 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 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 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Company in these Interim Financial Statements are the same as those applied in the Company's Consolidated Financial Statements as of and for the year ended December 31, 2011. The following standards, amendments and interpretations are mandatory for the first time for the financial year beginning January 1, 2012:

- 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.

The adoption of these Amendments did not have an impact on the Company's financial result or financial position.

5.3 RISK MANAGEMENT

During the six months ended June 30, 2012, the Company did not change its financial risk management objectives or policies and as a result they are still consistent with the disclosures in the consolidated financial statements as of and for the year ended December 31, 2011.

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, 2012	**106,080**	**2,972,016**	**97,820**	**64,007**	**3,239,923**
Additions	(56)	—	140,736	149	140,829
Transfers	1,555	126,598	(129,956)	1,803	—
Transfers to inventory	—	(4,506)	—	—	(4,506)
Disposals	(682)	(14,840)	—	(62)	(15,584)
At June 30, 2012	**106,897**	**3,079,268**	**108,600**	**65,897**	**3,360,662**
Accumulated Depreciation					
At January 1, 2012	**29,182**	**1,857,965**	**—**	**51,655**	**1,938,802**
Depreciation charge for the year	2,778	124,961	—	2,113	129,852
Transfers to inventory	—	(4,141)	—	—	(4,141)
Eliminated on disposal	(682)	(10,049)	—	(62)	(10,793)
At June 30, 2012	**31,278**	**1,968,736**	**—**	**53,706**	**2,053,720**
Carrying Amount					
At June 30, 2012	75,619	1,110,532	108,600	12,191	1,306,942
At January 1, 2012	76,898	1,114,051	97,820	12,352	1,301,121
Carrying Amount of Finance Leases included in Property and Equipment					
At June 30, 2012	33,745	190,827	—	—	224,572
At January 1, 2012	35,092	204,131	—	—	239,223

5.5 GOODWILL

During the six months ended June 30, 2012, there were no acquisitions, therefore goodwill remains unchanged compared to the goodwill reported in the consolidated financial statements as of and for the year ended December 31, 2011.

5.6 OTHER INTANGIBLE ASSETS

(in thousands of euro)	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Subtotal	Broadcasting rights for resale purposes	Total
Cost									
At January 1, 2012	**102,222**	**121,514**	**297,400**	**229,078**	**111,233**	**21,125**	**882,572**	**—**	**882,572**
Additions	267	—	20,527	—	5,671	—	26,465	475	26,940
Disposals	—	—	(359)	—	(8,276)	—	(8,635)	(475)	(9,110)
At June 30, 2012	**102,489**	**121,514**	**317,568**	**229,078**	**108,628**	**21,125**	**900,402**	**—**	**900,402**
Accumulated Amortization									
At January 1, 2012	**34,143**	**87,153**	**214,546**	**110,940**	**23,903**	**2,403**	**473,088**	**—**	**473,088**
Charge of the year	3,803	4,045	21,889	10,182	19,533	91	59,543	—	59,543
Disposals	—	—	—	—	(8,276)	—	(8,276)	—	(8,276)
At June 30, 2012	**37,946**	**91,198**	**236,435**	**121,122**	**35,160**	**2,494**	**524,355**	**—**	**524,355**
Carrying Amount									
At June 30, 2012	64,543	30,316	81,133	107,956	73,468	18,631	376,047	—	376,047
At January 1, 2012	68,079	34,361	82,854	118,138	87,330	18,722	409,484	—	409,484

5.7 TRADE RECEIVABLES

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Trade receivables	100,820	104,648
Less: provision for impairment of trade receivables	(6,733)	(11,025)
Trade receivables, net	**94,087**	**93,623**

5.8 OTHER ASSETS

5.8.1 Non-current

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Outstanding guarantees to third parties for own liabilities (cash paid)	2,811	2,817
Funding of post retirement obligation	3,082	3,082
Receivables from sale of sports broadcasting rights	25,143	32,806
Other	181	181
Other non-current assets	**31,217**	**38,886**

5.8.2 Current

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Recoverable withholding taxes	875	888
Prepaid content	6,326	5,521
Prepayments	13,366	9,049
Unbilled revenue	50,198	50,091
Receivables from sale of sports broadcasting rights	26,095	21,215
Other	1,274	1,236
Other current assets	**98,134**	**88,000**

5.9 INVENTORIES

As of June 30, 2012 inventories amounted to €12.0 million (December 31, 2011: €9.1 million) and consisted mainly of handsets, as well as HD Digiboxes and powerline adaptors.

The increase compared to December 31, 2011 of €2.9 million is mainly due to an increase in HD Digiboxes of €3.0 million, partly offset by a decrease in the handsets inventory (€1.1 million).

5.10 CASH AND CASH EQUIVALENTS

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Cash at bank and on hand	80,571	61,220
Certificates of deposit	124,150	4,135
Money market funds	152,300	281,242
Total cash and cash equivalents	**357,021**	**346,597**

5.11 SHAREHOLDERS' EQUITY

5.11.1 Shareholders' equity

As of June 30, 2012, share capital amounted to €12.3 million (December 31, 2011: €294.2 million).

Warrants exercised during the six months ended June 30, 2012 resulted in a capital increase of in total €1.4 million, an increase of share premium of €5.2 million and the issuance of 531,297 new shares. A total of 346,025 Class A profit certificates were converted into 346,025 shares for €1.3 million, which increased share capital and share premium by €0.9 million and €0.4 million, respectively. The details of the exercises and conversions are summarized in the following table:

Class of options and warrants	Number of options and warrants exercised	Exercise date	Share price at exercise date
Class A options	346,025	April 25, 2012	€31.91
Warrant Plan 2007 warrants	21,500	April 25, 2012	€31.91
Warrant Plan 2007 bis warrants	367,234	April 25, 2012	€31.91
Warrant Plan 2007 ter warrants	19,391	April 25, 2012	€31.91
Warrant Plan 2007 quater warrants	48,154	April 25, 2012	€31.91
Warrant Plan 2007 sexies warrants	6,683	April 25, 2012	€31.91
Warrant Plan 2007 septies warrants	5,000	April 25, 2012	€31.91
Warrant Plan 2010 primo warrants	59,934	April 25, 2012	€31.91
Warrant Plan 2010 bis warrants	2,901	April 25, 2012	€31.91
Warrant Plan 2010 ter warrants	500	April 25, 2012	€31.91
	531,297		

On April 25, 2012, the ordinary and the extraordinary shareholders' meeting of Telenet Group Holding NV approved:

- a capital increase of in total €85.0 million by conversion of all outstanding share premiums, without creation of new shares;
- the cancellation of 800,492 own shares repurchased under the Share Repurchase Program 2012, for an aggregate amount of €24.3 million;

- a capital reduction of €3.25 per share. Payment of the capital reduction to all shareholders of Telenet Group Holding NV will occur on August 31, 2012 amounting in aggregate to €369.2 million. No changes to the outstanding number of shares occurred or will occur as a result of this transaction; and,
- a dividend disbursement of €1.00 per share outstanding on that date, representing a total amount of €113.6 million. Payment of this dividend occurred on May 10, 2012 for an aggregate amount of €113.2 million.

As a result of the Company's shareholders disbursements policy, disbursements made in prior years and the approved capital reduction of €3.25 per share to be paid on August 31, 2012, the Interim Financial Statements as of June 30, 2012 showed a negative (consolidated) equity attributable to owners of the Company amounting to €744.5 million.

The board of directors has considered this and has prepared the Interim Financial Statements applying the accounting policies consistently assuming the ability to continue as a going concern taking into account amongst others:

- the forecasted future earnings for the next years,
- a projected steadily strong positive cash flow in the future,
- the various modifications to the Company's debt resulting in a significantly extended average maturity of its financial obligations, spread over balanced maturity dates.

Own shares

On February 16, 2012, the Company announced the initiation, as of February 20, 2012, of a share repurchase program, referred to as the "Share Repurchase Program 2012". Under this program, the Company may acquire from time to time up to maximum 3,000,000 of its outstanding ordinary shares, for a maximum consideration of €50.0 million, within the six months following February 20, 2012. All repurchased shares under the Share Repurchase Program 2012 will be cancelled by the Company. Telenet has mandated an intermediary to repurchase Telenet shares on its behalf. This intermediary is a discretionary asset management company deciding autonomously upon the timing, offer and number of shares to be repurchased within certain contractually agreed parameters. This Share Repurchase Program 2012 replaced the previously approved Share Repurchase Program 2011, which contained certain maximum price limits that were no longer relevant given changed market circumstances.

During the period from the initiation of the repurchase program to June 30, 2012, the Company repurchased in total 1,280,236 own shares under this plan for a total amount of €39.8 million, of which 800,492 own shares have been cancelled on April 25, 2012. As per June 30, 2012, the Company held 220,352 own shares acquired under the Share Repurchase Program 2011 and 479,744 own shares acquired under the Share Repurchase Program 2012 for a total amount of €21.3 million.

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.

The Class A 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 give the holders the right to receive dividends equal to dividends distributed, if any, to the holders of the Company's shares.

As of April 25, 2012, there are no more Class A options or Class A Profit Certificates outstanding.

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		Warrants granted				
Warrant Plan	Date approved by the extraordinary shareholders' meeting	Total number of warrants issued	Name of the grant	Date offered	Number of warrants offered	Number of warrants accepted	Beneficiaries
Warrant Plan 2007	December 27, 2007	3,300,000	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	Warrant Plan 2008	May 29, 2008	317,000	317,000	CEO
Warrant Plan 2009	May 28, 2009	180,000	Warrant Plan 2009	May 28, 2009	180,000	180,000	CEO
Warrant Plan 2010	April 28, 2010	2,800,000	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

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.

Specific Stock Option Plan 2010-2014

On March 24, 2010, the board of directors approved a special stock option plan for the CEO for a total number of 850,000 stock options ("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 general shareholder's 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 250,000 stock options were granted with an exercise price of €23.00 per option to the CEO under this plan. The Remuneration & Nomination Committee has determined in 2011 that the applicable performance criteria have been achieved for 2010, which resulted in the vesting of these 250,000 options on March 1, 2011.

On February 23, 2011 the Remuneration & Nomination Committee, in consultation with the CEO, has determined the performance criteria for a second tranche of 200,000 options under the SSOP 2010-2014 with an exercise price of €24.00, and therefore the grant of these options occurred on that date. The Remuneration & Nomination Committee has determined on February 15, 2012 that the applicable performance criteria have 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) on March 1, 2012.

On February 15, 2012 the Remuneration & Nomination Committee, in consultation with the CEO, has determined the performance criteria for a third tranche of 200,000 options (232,258 options after giving effect to the impact of the 2011 capital reduction) under the SSOP 2010-2014 with an exercise price of

€25.00 (€21.53 after giving effect to the impact of the 2011 capital reduction), and therefore the grant of these options is considered to have occurred on that date. Subject to achievement of the relevant performance criteria for the year 2012, these options will vest on March 1, 2013.

A fourth tranche of 200,000 additional stock options (232,258 after giving effect to the impact of the 2011 capital reduction) with an exercise price of €26.00 (€22.39 after giving effect to the impact of the 2011 capital reduction) per option, will be for accounting purposes considered to have been granted in February 2013 upon determination of the related performance criteria. Subject to achievement of 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 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 subsequent to 2007 were determined using the Black-Scholes option-pricing model.

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	Fair Value at grant date	Share Price	Exercise Price[(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	Fair Value at grant date	Share Price	Exercise Price Initially	Exercise Price Adjusted	Expected Volatility	Expected Option Life	Expected Dividends	Interest rate
Specific Stock Option Plan 2010-2014	October 3, 2010	10.18	24.77	23.00	19.81	36.9%	5.7 years	0.0%	2.44%
"	February 23, 2011	15.31	31.39	24.00	20.67	36.9%	5.3 years	0.0%	3.62%
"	February 15, 2012	11.85	28.82	25.00	21.53	32.2%	4.3 years	0.0%	2.08%
"				26.00	22.39				

Total compensation expense associated with the Company's stock option and warrant plans amounted to €3.6 million for the six months ended June 30, 2012 (for the six months ended June 30, 2011: €8.7 million).

Effect of the 2012 capital reduction on the outstanding options and warrants and SSOP 2010-2014 options

In relation to the upcoming payment on August 31, 2012 of the capital reduction as decided upon by the extraordinary shareholders' meeting on April 25, 2012, the Company will adjust all outstanding options and warrants for that specific capital reduction as of the ex-date (i.e. the date on which coupon n°6 is detached from the shares, being August 28, 2012) to ensure that benefits granted to the option and warrant holders will not be reduced. The number of options and warrants will be increased and the exercise price will be decreased by a factor, which is the ratio of the quoted market price of the Telenet Group Holding NV shares on the day immediately preceding the ex-date less the capital reduction of €3.25 per share, versus the quoted market price on the day immediately preceding the ex-date. As a result of these adjustments, fair values of the options and warrants before and after the transaction will remain exactly the same for all option and warrant holders resulting in no additional compensation expense.

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. Any compensation costs attributable to the 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.

For the year ended December 31, 2011 and for the six months ended June 30, 2012, no compensation expense was recognized in respect of the 2011 Telenet Performance Shares.

5.11.3 Employee share purchase plan 2011

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 the Company under the terms of the ESPP 2011 at a discount of 16.67% to the average share purchase price over the 30 day period preceding March 20, 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 the six months ended June 30, 2011 for the 341,168 shares that were purchased.

5.12 LOANS AND BORROWINGS

The debt balances specified below include accrued interest and commitment fee as of June 30, 2012 and December 31, 2011.

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Amended Senior Credit Facility:		
Revolving Credit Facility	294	294
Term Loan Q	357,074	431,090
Term Loan R	748,718	798,739
Term Loan T	175,019	—
Term Loan Q2	343	—
Term Loan R2	232	—
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
Senior Secured Floating Rate Notes		
€400 million Senior Secured Notes due 2021	400,756	400,943
Finance lease obligations	344,675	332,745
Bank Loan	—	8
3G Mobile Spectrum	60,679	60,679
Clientele fee > 20 years	73,571	70,644
	3,073,461	**3,007,242**
Less: deferred financing fees	(50,440)	(47,709)
	3,023,021	**2,959,533**
Less: current portion	(59,633)	(55,402)
Total non-current loans and borrowings	**2,963,388**	**2,904,131**

Issuance of €175 million debt under Senior Credit Facility

On February 8, 2012, Telenet announced the issuance of €175 million 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, has issued a new floating rate Term Loan ("Facility T") under Telenet's Amended Senior Credit Facility with maturity December 31, 2018 at a 3.50% margin over Euribor. Telenet 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 million to Telenet Luxembourg Finance Center S.à r.l., as new Lender, at nominal value. The undrawn credit facilities Q2 and R2, amounting in aggregate to €124 million, are available to be drawn on August 31, 2012.

5.13 DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into various derivative financial instruments to manage interest rate and foreign currency exposure. The following tables provide details of the fair value of our derivative financial instrument assets (liabilities), net:

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Current asset	487	1,988
Non-current asset	125	190
Current liability	(37,665)	(28,877)
Non-current liability	(121,522)	(94,093)
	(158,575)	**(120,792)**
Interest rate derivatives	(158,890)	(122,379)
Foreign exchange forwards	480	1,703
Embedded derivatives	(165)	(116)
	(158,575)	**(120,792)**

Realized and unrealized gains (losses) on derivative financial instruments comprise the following amounts:

	For the 6 months ended June 30,	
	2012	2011
	(in thousands of euro)	
Interest rate derivatives	(36,511)	20,986
Foreign exchange forwards	(1,222)	(466)
Embedded derivatives	(63)	(95)
Change in fair value of remaining purchase obligation of own shares	(166)	—
	(37,962)	**20,425**

5.14 DEFERRED TAXES

As of June 30, 2012, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €207.7 million (December 31, 2011: €291.8 million). Under current Belgian 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 which can be carried forward for 7 years for the notional interest deduction stemming from financial year 2011 and before and which can no longer be carried forward for the notional interest deduction stemming from financial year 2012 and after, and by investment deductions. 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.

5.15 OTHER LIABILITIES

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Employee benefit obligations	6,952	7,146
Other personnel related obligations	2,978	3,474
Long service awards	4,889	4,652
Interkabel out of market opex	13,712	14,160
Asset retirement obligations	2,380	2,372
Liabilities regarding sports broadcasting rights	61,352	77,594
Other	5,560	6,200
Total Other liabilities	**97,823**	**115,598**

5.16 CURRENT TAX LIABILITY

As of June 30, 2012, current tax liability amounted to €4.0 million which is in line with the ending balance at December 31, 2011 (€4.5 million).

5.17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Customer deposits	22,886	22,958
Compensation and employee benefits	39,889	48,653
VAT and withholding taxes	33,961	15,616
Copyright fees	396	787
Liability for shareholder distributions	370,004	667
Current portion of "Interkabel out of market component" liability	237	727
Accrued programming fees	48,173	41,790
Accrued capital expenditure	17,112	18,517
Accrued other liabilities—invoices to receive regarding:		
Goods received and services performed	21,083	32,221
Professional fees	16,526	16,954
Warehouse items received	12,573	13,868
Interconnect	14,165	13,435
Advertising, marketing and public relations	16,213	13,247
Infrastructure	7,541	7,383
Other	23,644	24,385
Accrued interest on derivatives	3,431	1,390
Liabilities regarding capital transactions with equity participants	—	3,563
Liabilities regarding sports broadcasting rights	62,303	43,049
Repurchase obligation for own shares	10,208	—
Other current liabilities	1,403	570
Total Accrued expenses and other current liabilities	**721,748**	**319,780**

5.18 REVENUE

The Company's revenue is comprised of the following:

	For the six months ended June 30,	
	2012	2011
	(in thousands of euro)	
Basic cable television[(1)]	160,683	159,130
Premium cable television[(1)]	110,955	88,658
Distributors/Other	31,197	24,849
Residential broadband internet[(1)]	226,111	218,424
Residential telephony[(1)]	152,637	133,636
Business services	45,379	45,163
Total Revenue	**726,962**	**669,860**

The Company also has deferred revenue as follows:

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Basic cable television[1]	44,102	47,492
Premium cable television[1]	2,284	4,662
Distributors/Other	22,926	20,395
Residential broadband internet[1]	12,559	12,504
Residential telephony[1]	5,010	4,491
Business services	1,150	1,627
Total Deferred Revenue	**88,031**	**91,171**
Current portion	84,588	86,791
Non-current portion	3,443	4,380

Deferred revenue is generally fees prepaid by the customers and is recognized in the statement of comprehensive income on a straight-line basis over the related service period.

5.19 EXPENSES BY NATURE

	For the 6 months ended June 30, 2012	2011
	(in thousands of euro)	
Employee benefits:		
Wages, salaries, commissions and social security costs	62,310	64,160
Other employee benefit costs	11,615	10,973
	73,925	**75,133**
Depreciation and impairment	129,852	126,205
Amortization	40,010	33,869
Amortization of broadcasting rights	19,533	4,047
Losses (gains) on disposal of property and equipment and other intangible assets	2,456	(23)
Network operating and service costs	207,428	185,461
Advertising, sales and marketing	34,304	26,385
Share-based payments granted to directors and employees	3,617	8,680
Operating charges related to acquisitions or divestitures	225	790
Other costs	24,361	28,746
Restructuring charges	—	141
Total costs and expenses	**535,711**	**489,434**

1 Basic and premium cable television, residential broadband internet and residential telephony revenue substantially comprises revenue generated by residential customers, but also includes revenue from business customers provided over a coax connection.

5.20 FINANCE INCOME / EXPENSE

Recognized in the statement of comprehensive income	For the 6 months ended June 30, 2012	2011
	(in thousands of euro)	
Finance income		
Interest income on cash and cash equivalents	1,357	3,547
Interest income on receivables	906	—
Net foreign exchange gain	1,191	1,027
	3,454	**4,574**
Finance expense		
Interest expense, net		
Interest expense on financial liabilities measured at amortized cost	(86,572)	(84,864)
Net interest expense on derivatives at fair value through statement of comprehensive income	(18,213)	(9,193)
Amortization of financing cost	(2,999)	(3,194)
	(107,784)	**(97,251)**
Net (loss) gain on derivative financial instruments	(37,962)	20,425
Loss on extinguishment of debt	—	(5,311)
	(145,746)	**(82,137)**
Net finance expense recognized in the statement of comprehensive income	**(142,292)**	**(77,563)**

5.21 EQUITY ACCOUNTED INVESTEES

On May 31, 2012, the Company entered into agreements with Acerta CVBA and Nationaal Hulpfonds VZW to incorporate two new companies, Doccle CVBA and Doccle.Up NV. Telenet contributed capital of €0.1 million and €0.2 million, respectively, for 33.33% of the shares in Doccle CVBA and Doccle.Up NV. The purpose of the new entities is to develop, operate and exploit an electronic communication platform for creating, managing, sending and archiving digital documents and data.

5.22 EARNINGS PER SHARE

5.22.1 Basic

The earnings and weighted average number of shares used in calculating basic earnings per share are:

	For the 6 months ended June 30, 2012	2011
	(in thousands of euro, except share and per share data)	
Net profit attributable to the equity holders of the Company	24,963	58,472
Weighted average number of ordinary shares	113,097,217	112,727,461
Weighted average number of Class B Profit Certificates	—	13,764
Weighted average number of shares used in the calculation of basic earnings per share	**113,097,217**	**112,741,225**
Basic earnings per share in €	0.22	0.52

5.22.2 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 six months ended June 30, 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
- ESPP 2011

During the six months ended June 30, 2012, the Company had twelve 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

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 6 months ended June 30,	
	2012	**2011**
	(in thousands of euro, except share and per share data)	
Weighted average number of shares used in the calculation of basic earnings per share	113,097,217	112,741,225
Adjustment for:		
Class A Options	192,519	255,554
Class B Options	—	5,616
Warrant Plan 2007 Warrants	13,986	14,253
Warrant Plan 2007 bis Warrants	330,232	408,138
Warrant Plan 2007 ter Warrants	19,379	19,507
Warrant Plan 2007 quater Warrants	563,355	573,375
Warrant Plan 2007 quinquies Warrants	98,860	68,237
Warrant Plan 2007 sexies Warrants	37,869	34,737
Warrant Plan 2007 septies Warrants	50,525	16,053
Warrant Plan 2008 Warrants	255,831	199,489
Warrant Plan 2009 Warrants	154,146	119,726
Warrant Plan 2010 primo Warrants	242,734	87,961
Warrant Plan 2010 bis Warrants	6,568	—
ESPP 2011	—	35,252
Weighted average number of shares used in the calculation of diluted earnings per share	**115,063,220**	**114,579,122**
Diluted earnings per share in €	0.22	0.51

5.23 COMMITMENTS AND CONTINGENCIES

Interkabel acquisition

On November 26, 2007, Telenet and four associations of municipalities in Belgium, which we refer to as the pure intercommunalues or the "PICs," announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the 2008 PICs Agreement), which closed effective October 1, 2008. Beginning in December 2007, Belgacom NV/SA (Belgacom), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements. It 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 and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. 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. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Belgacom's request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Belgacom appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Belgacom is now also seeking compensation for damages should the 2008 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 2008 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-principal and the 2008 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 of EU law for preliminary ruling to the European Court of Justice (ECJ). 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 in an attempt to block the integration of the PICs' analog and digital television activities or obtain the rescission of the 2008 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 2008 PICs Agreement and/or to an obligation for Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 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 we have no basis for assessing the amount of losses we would incur in the unlikely event that the 2008 PICs Agreement were to be rescinded, we 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, we do not expect the ultimate resolution of this matter to have a material impact on our results of operations or financial condition.

Copyright litigation

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.

As of June 30, 2012, Telenet retained an accrual of €0.4 million for claims of collection agencies and/or certain broadcasters (which were not directly injected in Telenet's cable network and with whom Telenet has no 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.

Regulatory developments

In December 2010, the Belgisch Instituut voor Post en Telecommunicatie (the BIPT) and the regional regulators for the media sectors (the Belgium Regulatory Authorities) published their respective draft decisions reflecting the results of their joint analysis of the broadcasting market in Belgium.

After a public consultation, draft decisions were then submitted to the European Commission. The European Commission subsequently provided notice that criticized the analysis of the broadcasting markets on several grounds, including the fact that the Belgium Regulatory Authorities failed to analyze upstream wholesale markets. 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) with some minor revisions. The regulatory obligations imposed by the July 2011 Decision include (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 of pricing involves a wholesale tariff calculated as the retail price for the offered service by Telenet, excluding value-added taxes and copyrights, and further deducting 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. A national consultation and a notification to the European Commission of the reference offers still need to take place before final approval by the Belgium Regulatory Authorities. Any approved reference offer is not expected to be available in the market until 2013.

For Belgacom, the regulatory obligations include (i) an obligation to provide wholesale access to the local loop, (ii) an obligation to provide wholesale internet access at bitstream level and (iii) an obligation to provide wholesale multicast access for distribution of television channels.

Telenet believes that there are serious grounds to challenge the findings of the Belgium Regulatory Authorities' broadcasting market analysis and the resulting regulatory obligations and will vigorously contest the decision. Telenet has filed an appeal for suspension and annulment against the July 2011 Decision with the Brussels Court of Appeal. A decision from the Brussels Court of Appeal on Telenet's request for suspension of the new regulatory obligations until the appeal is finalized is expected in September 2012. Although we believe the decision to impose wholesaling obligations is misguided and unfounded, there can be no certainty that Telenet's appeals will be successful. Accordingly, one or more of these regulatory obligations could be upheld, in present form or in modified form.

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 or in modified 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.

5.24 RELATED PARTIES

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. Related parties include the Liberty Global Consortium and Pebble Media NV for both 2012 and 2011. From May 31, 2012, related parties also include Doccle CVBA and Doccle.Up NV.

The following tables summarize significant related party balances and transactions for the period:

5.24.1 Statement of financial position

	June 30, 2012	December 31, 2011
	(in thousands of euro)	
Trade receivables	367	527
Trade payables and accrued liabilities	185,302	219

The increase in trade payables and accrued liabilities as at June 30, 2012 was primarily due to Liberty Global Consortium's share of the repayment of capital to shareholders of €184.7 million.

5.24.2 Statement of comprehensive income

	For the 6 months ended June 30, 2012	2011
	(in thousands of euro)	
Operating		
Revenue	705	680
Operating expenses	(1,032)	(730)

5.24.3 Key management compensation

For purpose of this footnote, key management is identified as people involved in strategic orientation of the Company.

	For the 6 months ended June 30,	
	2012	2011
	(in thousands of euro)	
Salaries and other short-term employee benefits	2,985	2,933
Post-employment benefits	110	84
Share-based payments (compensation cost recognized)	2,611	4,305
	5,706	**7,322**

5.25 OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements with any of its affiliates or with any unconsolidated entities.

5.26 SUBSEQUENT EVENTS

There were no significant events subsequent to June 30, 2012, that would require adjustment to or disclosure in the accounting data included in these Interim Financial Statements.

REVIEW REPORT OF THE STATUTORY AUDITOR

Statutory auditor's report to the board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at June 30, 2012 and for the six month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Telenet Group Holding NV as at June 30, 2012, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2012 and for the six month period then ended is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the European Union.

Brussels, July 25, 2012

KPMG Bedrijfsrevisoren—Réviseurs d'Entreprises
Statutory auditor
represented by

Jos Briers	Götwin Jackers
Réviseur d'Entreprises/Bedrijfsrevisor	Réviseur d'Entreprises/Bedrijfsrevisor

Telenet Group Holding NV
December 31, 2011 consolidated financial statements

1 Consolidated statement of financial position

	Note	December 31, 2011	December 31, 2010
		(in thousands of euro)	
Assets			
Non-current assets:			
Property and equipment	5.4	1,301,121	1,310,202
Goodwill	5.5	1,241,798	1,241,798
Other intangible assets	5.6	409,484	313,559
Deferred tax assets	5.14	10,721	19,905
Derivative financial instruments	5.13	190	4,718
Investments in equity accounted investees	5.21	187	213
Other assets	5.8	38,886	4,935
Total non-current assets		**3,002,387**	**2,895,330**
Current assets:			
Inventories	5.9	9,139	12,612
Trade receivables	5.7	93,623	79,826
Derivative financial instruments	5.13	1,988	315
Other current assets	5.8	88,000	65,016
Cash and cash equivalents	5.10	346,597	639,581
Total current assets		**539,347**	**797,350**
Total assets		**3,541,734**	**3,692,680**
Equity and Liabilities			
Equity:			
Share capital	5.11	294,190	797,350
Share premium and other reserves	5.11	1,005,724	979,967
Retained loss	5.11	(1,548,156)	(1,559,845)
Total equity attributable to owners of the Company		**(248,242)**	**217,472**
Non-controlling interests	5.11	9	—
Total equity		**(248,233)**	**217,472**
Non-current liabilities:			
Loans and borrowings	5.12	2,904,131	2,837,377
Derivative financial instruments	5.13	94,093	35,914
Deferred revenue	5.18	4,380	6,428
Deferred tax liabilities	5.14	29,114	5,544
Other liabilities	5.15	115,598	38,145
Total non-current liabilities		**3,147,316**	**2,923,408**
Current liabilities:			
Loans and borrowings	5.12	55,402	40,319
Trade payables		147,341	109,341
Accrued expenses and other current liabilities	5.17	319,780	283,071
Deferred revenue	5.18	86,791	94,034
Derivative financial instruments	5.13	28,877	24,729
Current tax liability	5.14	4,460	306
Total current liabilities		**642,651**	**551,800**
Total liabilities		**3,789,967**	**3,475,208**
Total Equity and liabilities		**3,541,734**	**3,692,680**

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

2 Consolidated statement of comprehensive income

	Note	For the years ended December 31, 2011	2010
		(in thousands of euro, except per share data)	
Revenue	5.18	1,376,253	1,298,993
Cost of services provided	5.19	(821,152)	(735,781)
Gross profit		**555,101**	**563,212**
Selling, general and administrative expenses	5.19	(228,910)	(218,681)
Operating profit		**326,191**	**344,531**
Finance income		7,808	1,513
Net interest income and foreign exchange gain		7,808	1,513
Finance expense		(279,897)	(199,158)
Net interest expense and foreign exchange loss		(205,832)	(152,257)
Net loss on derivative financial instruments		(62,673)	(38,998)
Loss on extinguishment of debt		(11,392)	(7,903)
Net finance expenses	5.20	**(272,089)**	**(197,645)**
Share of the loss of equity accounted investees	5.21	(361)	(412)
Profit before income tax		53,741	146,474
Income tax expense	5.22	(36,918)	(57,172)
Profit for the period		**16,823**	**89,302**
Other comprehensive income for the period, net of income tax		**—**	**—**
Total comprehensive income for the period		**16,823**	**89,302**
Profit attributable to:		**16,823**	**89,302**
Owners of the Company		16,829	89,302
Non-controlling interests		(6)	—
Total comprehensive income for the period, attributable to:		**16,823**	**89,302**
Owners of the Company		16,829	89,302
Non-controlling interests		(6)	—
Earnings per share			
Basic earnings per share in €	5.23	0.15	0.80
Diluted earnings per share in €	5.23	0.15	0.79

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

3 Consolidated statement of changes in shareholders' equity

(in thousands of euro, except share data)	Note	Number of shares	Attributable to equity holders of the Company								Non-controlling interest	Total equity
			Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Total		
January 1, 2010		**111,761,666**	**1,041,812**	**62,803**	**14,440**	**3**	**—**	**825,350**	**(1,584,352)**	**360,056**	**—**	**360,056**
Total comprehensive income for the period												
Profit for the period		—	—	—	—	64,795	—	—	24,507	89,302	—	89,302
Other comprehensive income		—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**64,795**	**—**	**—**	**24,507**	**89,302**	**—**	**89,302**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Recognition of share-based compensation	5.11	—	—	—	9,787	—	—	—	—	9,787	—	9,787
Proceeds received upon exercise of Class B Options	5.11	—	—	—	800	—	—	—	—	800	—	800
Proceeds received upon exercise of 2007 bis Warrants	5.11	320,449	2,637	1,663	—	—	—	—	—	4,300	—	4,300
Proceeds received upon exercise of 2007 ter Warrants	5.11	10,546	83	58	—	—	—	—	—	141	—	141
Proceeds received upon exercise of 2007 quater Warrants	5.11	217,827	1,648	1,162	—	—	—	—	—	2,810	—	2,810
Proceeds received upon exercise of 2007 sexies Warrants	5.11	12,393	88	126	—	—	—	—	—	214	—	214
Issuance of share capital via exchange of Class B Profit Certificates	5.11	165,553	1,020	—	(1,020)	—	—	—	—	—	—	—
Conversion of Liquidation Dispreference shares into Ordinary Shares	5.11	(60,394)	—	—	—	—	—	—	—	—	—	—
Repayment of capital to shareholders	5.11	—	(249,938)	—	—	—	—	—	—	(249,938)	—	(249,938)
Total contributions by and distributions to owners of the Company		**666,374**	**(244,462)**	**3,009**	**9,567**	**—**	**—**	**—**	**—**	**(231,886)**	**—**	**(231,886)**
December 31, 2010		**112,428,040**	**797,350**	**65,812**	**24,007**	**64,798**	**—**	**825,350**	**(1,559,845)**	**217,472**	**—**	**217,472**

(in thousands of euro, except share data)	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve	Legal reserve	Reserve for own shares	Other reserves	Retained loss	Total	Non-controlling interest	Total equity
			Attributable to equity holders of the Company									
January 1, 2011		**112,428,040**	**797,350**	**65,812**	**24,007**	**64,798**	**—**	**825,350**	**(1,559,845)**	**217,472**	**—**	**217,472**
Total comprehensive income for the period												
Profit for the period		—	—	—	—	—	—	—	16,829	16,829	(6)	16,823
Other comprehensive income		—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**16,829**	**16,829**	**(6)**	**16,823**
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	—	—	—	—	5,140	—	—	(5,140)	—	—	—
Recognition of share-based compensation	5.11	—	—	—	10,652	—	—	—	—	10,652	—	10,652
Compensation cost related to Employee Share Purchase Plan	5.11	—	—	—	2,353	—	—	—	—	2,353	—	2,353
Proceeds received upon exercise of Class B Options	5.11	—	—	—	67	—	—	—	—	67	—	67
Proceeds received upon exercise of 2007 Warrants	5.11	1,806	5	22	—	—	—	—	—	27	—	27
Proceeds received upon exercise of 2007 bis Warrants	5.11	192,229	999	1,309	—	—	—	—	—	2,308	—	2,308
Proceeds received upon exercise of 2007 ter Warrants	5.11	1,592	6	12	—	—	—	—	—	18	—	18
Proceeds received upon exercise of 2007 quater Warrants	5.11	312,280	1,602	2,104	—	—	—	—	—	3,706	—	3,706
Proceeds received upon exercise of 2007 sexies Warrants	5.11	18,933	53	230	—	—	—	—	—	283	—	283
Proceeds received upon exercise of 2007 septies Warrants	5.11	31,000	125	549	—	—	—	—	—	674	—	674
Proceeds received upon exercise of 2010 primo Warrants	5.11	148,748	703	2,609	—	—	—	—	—	3,312	—	3,312
Proceeds received upon exercise of 2010 bis Warrants	5.11	4,352	11	97	—	—	—	—	—	108	—	108
Issuance of share capital via exchange of Class B Profit Certificates	5.11	36,709	204	—	(204)	—	—	—	—	—	—	—
Own shares acquired	5.11	—	—	—	—	—	(5,763)	—	—	(5,763)	—	(5,763)
Issuance of share capital through Employee Share Purchase Plan	5.11	341,168	2,420	6,580	—	—	—	—	—	9,000		9,000
Repayment of capital to shareholders	5.11	—	(509,288)	—	—	—	—	—	—	(509,288)	—	(509,288)
Total contributions by and distributions to owners of the Company		**1,088,817**	**(503,160)**	**13,512**	**12,868**	**5,140**	**(5,763)**	**—**	**(5,140)**	**(482,543)**	**—**	**(482,543)**
Changes in ownership interests in subsidiaries												
Disposal of non-controlling interests without a change in control		—	—	—	—	—	—	—	—	—	15	15
Total transactions with owners of the Company		**1,088,817**	**(503,160)**	**13,512**	**12,868**	**5,140**	**(5,763)**	**—**	**(5,140)**	**(482,543)**	**15**	**(482,528)**
December 31, 2011		**113,516,857**	**294,190**	**79,324**	**36,875**	**69,938**	**(5,763)**	**825,350**	**(1,548,156)**	**(248,242)**	**9**	**(248,233)**

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

4 Consolidated statement of cash flows

	Note	For the years ended December 31, 2011	2010
		(in thousands of euro)	
Cash flows provided by operating activities:			
Profit for the period		16,823	89,302
Adjustments for:			
Depreciation, amortization and impairment	5.19	381,227	313,788
Losses on disposal of property and equipment and other intangible assets	5.19	2,065	46
Income tax expense	5.22	36,918	57,172
Increase (decrease) in allowance for bad debt	5.7	3,895	(3,801)
Net interest income and foreign exchange gain	5.20	(7,808)	(1,513)
Net interest expense and foreign exchange loss	5.20	205,832	152,257
Net loss on derivative financial instruments	5.20	62,673	38,998
Loss on extinguishment of debt	5.20	11,392	7,903
Loss in equity-accounted investees	5.21	361	412
Share based payments	5.19	13,005	9,787
Change in:			
Trade receivables		(13,051)	(454)
Other assets		2,166	(17,173)
Deferred revenue		(9,292)	(13,596)
Trade payables		38,212	24,242
Other liabilities		286	(4,848)
Accrued expenses and other current liabilities		(32,702)	(11,710)
Interest paid		(180,165)	(129,006)
Interest received		7,314	844
Income taxes received (paid)		(795)	358
Cash paid for derivatives	5.13	—	(12,940)
Cash received for derivatives	5.13	2,500	3,709
Net cash provided by operating activities		**540,856**	**503,777**
Cash flows used in investing activities:			
Purchases of property and equipment		(216,300)	(194,549)
Purchases of intangibles		(78,254)	(51,494)
Acquisitions of subsidiaries and affiliates, net of cash acquired	5.24	—	(2,315)
Proceeds from sale of property and equipment and other intangibles		1,118	315
Purchases of broadcasting rights for resale purposes		(15,600)	—
Proceeds from the sale of broadcasting rights for resale purposes		15,600	—
Net cash used in investing activities		**(293,436)**	**(248,043)**
Cash flows provided by (used in) financing activities:			
Repayments of loans and borrowings	5.12	(697,447)	(208,811)
Proceeds from loans and borrowings	5.12	700,000	735,000
Payments of finance lease liabilities		(34,077)	(26,467)
Payments for debt issuance costs		(17,202)	(20,014)
Repurchase of own shares		(5,763)	—
Proceeds from exercise of options and warrants	5.11	10,503	8,264
Proceeds from capital transactions with equity participants		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	5.11	(508,996)	(249,834)
Net cash provided by (used in) financing activities		**(540,404)**	**238,138**
Net increase (decrease) in cash and cash equivalents		**(292,984)**	**493,872**
Cash and cash equivalents:			
at January 1	5.10	639,581	145,709
at December 31	5.10	346,597	639,581

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

5 Notes to the consolidated financial statements for the year ended December 31, 2011

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 and its subsidiaries (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 ("IFRSs as adopted by the EU"). 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 IFRSs as adopted by the EU 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
- Note 5.24: .... Acquisitions of subsidiaries

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, 2011 showed a negative (consolidated) equity amounting to €248.2 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, 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 20, 2012.

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.

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.

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"). The Company has determined that its long-lived intangible and tangible fixed assets constitute a single cash-generating unit for the purpose of impairment testing.

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

For acquisitions prior to January 1, 2010, goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. When the excess was negative, a bargain purchase gain was recognized immediately in the statement of comprehensive income. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

From 1 January 2010, the Company applied IFRS 3 *Business Combinations* (2008) in accounting for business combinations. The change in accounting policy was applied prospectively to acquisitions occurring after January 1, 2010.

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 original maturities 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.

Customers are charged a termination fee when they cancel their subscription before the end of the contractual term. 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 decrease their service level. 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.

As of January 1, 2011, Telenet adjusted its financial collecting model for certain premium voice and SMS content services following a change in the Belgian legislation. This legislation states that the operator is no longer carrying legal responsibilities for the collection of these services, hence will only act on behalf of the third-party content providers going forward. As a result, the amounts billed for these premium voice and SMS content services are not presented as revenues but are netted against the corresponding expenses as from January 1, 2011.

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 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 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 2011

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:

> Amendment to IAS 24 *Related Party Disclosures* (effective for annual periods beginning on or after January 1, 2011). This pronouncement amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.
>
> Amendments to IFRIC 14: *IAS 19—Prepayments of a Minimum Funding Requirement* (effective for annual periods beginning on or after January 1, 2011). These Amendments remove unintended consequences related to voluntary pension prepayments where there is a minimum funding requirement.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after July 1, 2010) provides guidance on the accounting for debt for equity swaps.

Amendment to IAS32 *Financial Instruments: Classification of Rights Issues* (effective for annual periods beginning on or after February 1, 2010). The amendment allows rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Improvements to IFRSs 2010 (effective for annual periods beginning on or after January 1, 2011).

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, 2011, 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 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 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.

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.

IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1, 2013).

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, 2013) 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, 2013) 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, 2013) 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 19 *Amendments to Employee Benefits* (effective for annual periods beginning on or after January 1, 2013).
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.

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, 2013) 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.

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 evaluation 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 equivalents, money market funds and certificates of deposit are placed with highly rated financial institutions.

Quantitative disclosures

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

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Cash and cash equivalents (including money market funds, certificates of deposits)	346,597	639,581
Trade receivables	104,648	86,956
Derivative financial instruments	2,178	5,033
Outstanding guarantees to third parties for own liabilities (cash paid)	2,817	1,921
Total	**456,240**	**733,491**

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 2011 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 2011 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 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 Notes due 2021. Subsequently, the Company launched a voluntary exchange process for its Term Loan G lenders under the 2011 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.

The Company has access to undrawn facilities under the 2011 Amended Senior Credit Facility. As of December 31, 2011, €158.0 million under the revolving credit facility (€175.0 million as of December 31, 2010) was available to the Company subject to the Company being in compliance with certain financial covenants and other conditions.

The 2011 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 concluded interest rate cap, collar and swap contracts for a total nominal amount at December 31, 2011, 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 liquidity buffer 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, 2011 and 2010 were as follows:

		Payments due by period (in thousands of euro)					
Situation as per December 31, 2011 Contractual obligations	**Total**	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
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**

		Payments due by period (in thousands of euro)					
Situation as per December 31, 2010 Contractual obligations	**Total**	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Long term debt[(1)(3)]	3,713,874	123,100	123,336	123,100	281,100	397,156	2,666,082
Finance lease obligations[(1)(3)]	472,862	50,482	48,825	46,065	44,739	40,890	241,861
Operating lease obligations	50,572	21,363	10,160	7,670	4,445	3,128	3,806
Other contractual obligations[(2)]	1,239,816	96,512	89,241	63,099	40,877	37,469	912,618
Interest Rate Derivatives[(3)]	189,288	29,190	37,454	32,035	32,035	29,127	29,447
Foreign Exchange Derivatives	8,725	7,271	1,454	—	—	—	—
Accrued expenses and other current liabilities[(4)]	217,941	217,941	—	—	—	—	—
Trade payables	109,341	109,341	—	—	—	—	—
Total contractual obligations	**6,002,419**	**655,200**	**310,470**	**271,969**	**403,196**	**507,770**	**3,853,814**

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 5.12.6) 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, 2011.

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 as 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 5% 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, 2011 and 2010, 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 applies a policy to hedge its exposure to floating interest rates. 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 hedging 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, 2011, Telenet carried a total debt balance of €2,959.5 million, of which €1,229.6 million is owed under the Senior Credit Facility and €1,300.0 million is related to the four Notes issued in 2010 and 2011. It also included €60.7 million for the outstanding portion of the 3G mobile spectrum. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition. On December 31, 2011, fixed interest rates applied to 43.80% of this total debt (2010: 32.36%).

As referred to above, the outstanding interest rate derivatives as of December 31, 2011 and 2010, 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 variable 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:

	2011		2010	
(in thousands of euro)	+0.25%	-0.25%	+0.25%	-0.25%
Interest				
Senior Credit Facility	(3,763)	3,763	(5,081)	5,081
Senior Secured Floating Rate Notes	(553)	553	—	—
Finance leases	30	(30)	(35)	35
Interest rate derivatives	(2,702)	2,677	1,460	(1,810)
	(6,988)	**6,963**	**(3,656)**	**3,306**
Changes in fair value				
Swaps	18,027	(18,027)	10,816	(10,816)
Caps	84	(65)	771	(527)
Collars	8,982	(10,378)	8,830	(9,693)
	27,093	**(28,470)**	**20,417**	**(21,036)**
Total	**20,105**	**(21,507)**	**16,761**	**(17,730)**

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.

Situation as per December 31, 2011 +0.25% (in thousands of euro)	Interest payments due by period Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Amended SCF Term Loan Q	20,084	20,029	20,029	20,029	20,084	9,932
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**

Situation as per December 31, 2011 -0.25% (in thousands of euro)	Interest payments due by period Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Amended SCF Term Loan Q	17,893	17,844	17,844	17,844	17,893	8,849
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**

Situation as per December 31, 2010 +0.25% (in thousands of euro)	Interest payments due by period					
	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Amended SCF Term Loan G	71,610	71,807	71,610	71,610	71,610	105,469
Amended SCF Term Loan J	3,056	3,065	3,056	3,056	2,286	—
Amended SCF Term Loan K	6,493	6,510	6,493	6,493	—	—
Amended SCF Term Loan L1	9,623	9,649	9,623	9,623	2,373	—
Finance Lease	181	147	108	64	31	31
Interest Derivatives	24,241	31,895	27,093	27,093	24,472	23,425
Total	**115,204**	**123,073**	**117,983**	**117,939**	**100,772**	**128,925**

Situation as per December 31, 2010 -0.25% (in thousands of euro)	Interest payments due by period					
	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Amended SCF Term Loan G	64,156	64,331	64,156	64,156	64,156	96,146
Amended SCF Term Loan J	2,654	2,662	2,654	2,654	1,985	—
Amended SCF Term Loan K	5,692	5,707	5,692	5,692	—	—
Amended SCF Term Loan L1	8,566	8,590	8,566	8,566	2,112	—
Finance Lease	122	99	72	43	21	21
Interest Derivatives	34,138	43,013	36,978	36,978	33,782	35,470
Total	**115,328**	**124,402**	**118,118**	**118,089**	**102,056**	**131,637**

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our 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. 10% is the sensitivity rate used when reporting foreign currency risk internally and 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).

December 31, 2011	Foreign currency	Amount in foreign currency	Gain/(loss) in thousands of euro			
			10% increase		10% decrease	
Trade payables						
	USD	11,368	(975)	*On comprensive income*	797	*On P&L*
	GBP	10	(1)	*On comprensive income*	1	*On P&L*

December 31, 2010	Foreign currency	Amount in foreign currency	Gain/(loss) in thousands of euro			
			10% increase		10% decrease	
Trade payables						
	USD	14,616	(1,215)	*On comprensive income*	994	*On P&L*
	GBP	17	(2)	*On comprensive income*	2	*On P&L*

5.3.4 Capital Risk

The Company manages its capital to ensure that the Company's entities 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 on the basis of the leverage ratio. As of December 31, 2011, the outstanding balance of the Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to EBITDA ratio of 3.2x, up compared to 2.8x as of December 31, 2010. The leverage ratio is calculated as per Senior Credit Facility definition, using net total debt, excluding subordinated shareholder loans, capitalized elements of indebtedness under the clientele and annuity fees and any other finance leases, divided by last two quarters' annualized EBITDA.

The Company's current leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x. Going forward, Telenet continues to target a broadly stable leverage ratio in the range of 3.5x-4.5x Net Total Debt to EBITDA.

Within the 2011 Amended Senior Credit Facility, the Company has access to an additional committed loan capacity of €158.0 million, subject to compliance with applicable covenants, composing the Revolving Facility which are available to be drawn 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:

		December 31, 2011		December 31, 2010	
(in thousands of euro)	Note	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Assets carried at fair value					
Derivative financial assets	5.13	2,178	2,178	5,033	5,033
Cash and cash equivalents (e.g. money market funds)	5.10	281,242	281,242	541,940	541,940
Total assets carried at fair value		283,420	283,420	546,973	546,973
Assets carried at amortized cost					
Trade receivables	5.7	93,623	93,623	79,826	79,826
Other assets	5.8	108,165	108,165	54,956	54,956
Cash and cash equivalents	5.10	65,355	65,355	97,641	97,641
Total assets carried at amortized cost		267,143	267,143	232,423	232,423
Liabilities					
Liabilities carried at fair value					
Derivative financial liabilities	5.13	122,970	122,970	60,643	60,643
Liabilities carried at amortized cost					
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.12				
—Amended Senior Credit Facility		1,230,123	1,199,381	1,916,479	1,918,911
—Senior Secured Fixed Rate Notes		912,100	877,789	605,562	613,312
—Senior Secured Floating Rate Notes		400,943	386,943	—	—
—Deferred Financing Fees		(47,709)	(47,709)	(49,638)	(49,638)
—Finance lease obligations		332,745	301,839	340,125	330,785
—Clientele fee > 20 years		70,644	63,524	65,137	74,093
—3G Mobile Spectrum		60,679	48,801	—	—
—Other bank loans		8	8	31	31
Trade payables		147,341	147,341	109,341	109,341
Other liabilities	5.15 5.17	389,157	389,157	270,549	270,549
Total liabilities carried at amortized cost		3,496,031	3,367,074	3,257,586	3,267,384

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, 2011			December 31, 2010		
(in thousands of euro)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets	—	2,178	—	—	5,033	—
Cash and cash equivalents (e.g. money market funds)	281,242	—	—	541,940	—	—
Total financial assets carried at Fair value	281,242	2,178	—	541,940	5,033	—
Liabilities						
Derivative financial liabilities	—	122,970	—	—	60,643	—
Total financial liabilities carried at Fair value	—	122,970	—	—	60,643	—

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, 2011 no financial assets or liabilities have been transferred from one level to another level.

5.4 PROPERTY AND EQUIPMENT

(in thousands of euro)	Note	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost						
At January 1, 2010		**100,240**	**2,557,072**	**53,152**	**54,152**	**2,764,616**
Acquisition of subsidiaries	5.24	65	—	—	100	165
Additions		322	20,006	216,233	467	237,028
Transfers		2,981	193,988	(189,977)	2,708	9,700
Disposals		(393)	(1,881)	—	(132)	(2,406)
At December 31, 2010		**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)	(20,216)	—	(109)	(21,348)
At December 31, 2011		**106,080**	**2,972,016**	**97,820**	**64,007**	**3,239,923**
Accumulated Depreciation						
At January 1, 2010		**19,847**	**1,389,072**	**—**	**40,729**	**1,449,648**
Depreciation charge for the year		5,255	235,683	—	5,533	246,471
Transfers		—	4,157	—	—	4,157
Eliminated on disposal		(393)	(852)	—	(130)	(1,375)
At December 31, 2010		**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)
Eliminated on disposal		(970)	(18,031)	—	(85)	(19,086)
At December 31, 2011		**29,182**	**1,857,965**	**—**	**51,655**	**1,938,802**
Carrying Amount						
At December 31, 2011		76,898	1,114,051	97,820	12,352	1,301,121
At December 31, 2010		78,506	1,141,125	79,408	11,163	1,310,202
Carrying Amount of Finance Leases included in Property and Equipment						
At December 31, 2011		35,092	204,131	—	—	239,223
At December 31, 2010		37,786	229,958	—	34	267,778

The Company evaluates 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 evaluation performed in 2011 did not result in any revision to the estimated useful lives of property and equipment.

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

Detailed information with respect to the acquisition of subsidiaries is disclosed in Note 5.24.

In 2010, the Company capitalized borrowing costs, primarily related to the construction of Telenet's proprietary mobile telephony infrastructure in the amount of €0.4 million, with a capitalization rate of 3.9%. In 2011, the Company did not acquire or construct any assets that qualified for the capitalization of borrowing costs.

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

The disposal of property and equipment in 2011 mainly consists of:

- the write-off of fully depreciated setup boxes which were no longer active for a gross value of €13.8 million;
- the disposal of HD cards with a carrying amount of €1.7 million of which €4.6 million is gross resulting in a loss on disposal of €1.1 million.

5.5 GOODWILL

In 2011, no changes in goodwill have occurred and thus as of December 31, 2011 goodwill 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 2011 and 2010. 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 (Discounted Cash Flow method) the future cash flows to be generated from the continuing use of the cash generating unit. Value in use in 2011 was determined in a similar manner as in 2010.

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 and is determined by a third party specifically for the cable industry. 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 2016, and a pre-tax discount rate of 9.0% (In 2010 a pre-tax discount rate was used of 10.6%) 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 researches 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…

Cash flows beyond the five-year period have been extrapolated using no growth rate based on historical known data and taking into account the current economic situation (2010: 2%). 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, 2011.

For detailed information regarding acquisitions of subsidiaries, we refer to Note 5.24 to the consolidated financial statements of the Company.

5.6 OTHER INTANGIBLE ASSETS

(in thousands of euro)	Note	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Subtotal	Broadcasting rights for resale purposes	Total
Cost										
At January 1, 2010 . .		**9,700**	**121,000**	**207,568**	**228,028**	**21,477**	**21,125**	**608,898**	**—**	**608,898**
Acquisition of subsidiary	5.24	—	514	—	1,050	—	—	1,564	—	1,564
Additions		31,102	—	44,046	—	4,108	—	79,256	—	79,256
Transfers		(9,700)	—	—	—	—	—	(9,700)	—	(9,700)
Disposals		(255)	—	—	—	(10,141)	—	(10,396)	—	(10,396)
At December 31, 2010		**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		(405)	—	—	—	(4,778)	—	(5,183)	(71,961)	(77,144)
At December 31, 2011		**102,222**	**121,514**	**297,400**	**229,078**	**111,233**	**21,125**	**882,572**	**—**	**882,572**
Accumulated Amortization										
At January 1, 2010 . .		**3,204**	**70,584**	**148,493**	**69,844**	**5,955**	**2,173**	**300,253**	**—**	**300,253**
Charge of the year		1,806	8,379	29,470	20,741	6,830	91	67,317	—	67,317
Transfers		(4,157)	—	—	—	—	—	(4,157)	—	(4,157)
Disposals		(255)	—	—	—	(7,095)	—	(7,350)	—	(7,350)
At December 31, 2010		**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
Disposals		(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**
Carrying Amount										
At December 31, 2011		68,079	34,361	82,854	118,138	87,330	18,722	409,484	—	409,484
At December 31, 2010		30,249	42,551	73,651	138,493	9,754	18,861	313,559	—	313,559

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 evaluates 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 evaluation performed in 2011 did not result in any revision to the estimated useful lives of intangible assets.

The disposals all relate to fully amortized broadcasting rights at the end of the license period.

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 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 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. 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 spectrum, which will become available in November 2015. As the exact frequencies will 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 spectrum in the 2G band as from November 15, 2015 does not meet the definition of an intangible asset as of December 31, 2011.

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 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 for an amount of €28.5 million (Note 5.19).

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

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Trade receivables	104,648	86,956
Less: provision for impairment of trade receivables	(11,025)	(7,130)
Trade receivables, net	**93,623**	**79,826**

At December 31, 2011 and 2010, 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, 2011	47,340	22,875	7,468	2,289	2,388	22,288	**104,648**
December 31, 2010	29,382	24,879	9,013	3,629	2,929	17,124	**86,956**

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, 2011 a total amount of €35.0 million (2010: €40.5 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:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Provision for impairment of trade receivables at the beginning of the year	(7,130)	(10,930)
Additions	(12,598)	(6,190)
Write-offs	8,703	9,990
Provision for impairment of trade receivables at the end of the year	**(11,025)**	**(7,130)**

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

	Note	December 31, 2011	December 31, 2010
		(in thousands of euro)	
Outstanding guarantees to third parties for own liabilities (cash paid)		2,817	1,921
Funding of post retirement obligation	5.16 5.3.4	3,082	2,913
Receivables from sale of sports broadcasting rights	5.6 5.3.4	32,806	—
Other		181	101
Other non-current assets		**38,886**	**4,935**

5.8.2 Current

	Note	December 31, 2011	December 31, 2010
		(in thousands of euro)	
Recoverable withholding taxes		888	103
Recoverable VAT		—	3
Prepaid content		5,521	5,684
Prepayments		9,049	6,191
Unbilled revenue	5.3.4	50,091	52,118
Receivables from sale of sports broadcasting rights	5.6 5.3.4	21,215	—
Other	5.3.4	1,236	917
Other current assets		**88,000**	**65,016**

Unbilled revenue is generally 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 a total aggregate initial receivable balance of €67.5 million. As per December 31, 2011, outstanding non-current and current receivables regarding Belgian football broadcasting rights amounted to €29.3 million and €19.8 million, respectively, and are included in the balances of "Receivables from sale of broadcasting rights" shown in the tables above.

5.9 INVENTORIES

As of December 31, 2011 inventories amounted to €9.1 million (2010: €12.6 million) and consisted mainly of mobile handsets as well as wireless modems, HD Digiboxes and powerline adaptors. The decrease compared to the end of 2010 of €3.5 million is mainly due to a decrease in the mobile handsets inventory of €3.0 million.

The above mentioned decrease of inventories also includes the write-downs of inventories to net realizable value amounting to €1.5 million (2010: €0.5 million).

5.10 CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Cash at bank and on hand	61,220	72,031
Certificates of deposit	4,135	25,610
Money market funds	281,242	541,940
Total cash and cash equivalents	**346,597**	**639,581**

On December 31, 2011, the certificates of deposit had a weighted average interest rate of 1.24% (2010: 0.47%) and an average maturity of 64 days (2010: 13 days). Cash and cash equivalents are placed with highly rated financial institutions in order to minimize the overall credit risk.

The short-term investments at December 31, 2011 and 2010 were done in compliance with the Company's Risk Management policies.

5.11 SHAREHOLDERS' EQUITY

5.11.1 Shareholders' equity

On December 31, 2011 Telenet Group Holding NV had the following shares outstanding, all of which are treated as one class in the earnings (loss) per share calculation:

- 113,421,984 ordinary shares (2010: 112,333,167 shares);
- 94,843 Liquidation Dispreference Shares (2010: 94,843 shares), held by Interkabel and Binan Investments BV (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 (2010: 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, 2011, share capital amounted to €294.2 million (2010: €797.3 million).

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 and May 28, 2009 of respectively €6.00 and €0.50 per share, payments have been made in 2010 totaling €0.2 million.

On April 28, 2010, the extraordinary shareholders' meeting of Telenet Group Holding NV approved a capital reduction of €2.23 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 July 27, 2010 with the payment of €249.7 million made in 2010 and €0.1 million in 2011. No changes to the outstanding number of shares occurred as result of this transaction.

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

On April 27, 2011, the extraordinary shareholders' meeting of Telenet Group Holding NV approved a capital reduction of €4.50 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 July 25, 2011 with the payment of €508.9 million made in 2011. 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. Under this program, Telenet Group Holding NV may acquire from time to time the Company's common stock, for a maximum of 1,000,000 shares within a period of 9 months. All repurchased shares will be 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.

Telenet has mandated an intermediary to repurchase Telenet shares on its behalf. This intermediary is a discretionary asset management company deciding autonomously upon the timing, offer and number of shares to be repurchased.

As of December 31, 2011, the Company had purchased 220,352 own shares for a total amount of €5.8 million, representing 0.2% of the total outstanding shares at December 31, 2011.

On February 16, 2012, the Company announced the initiation, as of February 20, 2012, of a second share repurchase program, referred to as the "Share Repurchase Program 2012". Under this program, the Company may 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 will be cancelled by the Company.

This Share Repurchase Program 2012 replaces the previously approved repurchase program of 1 million shares as announced on August 9, 2011 (the "Share Repurchase Program 2011") which contained certain maximum price limits that are no longer relevant today given changed market circumstances.

5.11.2 Employee share based compensation

Class A and class B 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.

In December 2004, the Company offered 1,251,000 of the 1,350,000 authorized Class B Options to certain members of management to subscribe to 1,251,000 Class B Profit Certificates ("Class B Options"). Of the 1,251,000 Class B Options offered by the Company, 1,083,000 were accepted in February 2005. The remaining 267,000 Class B Options were cancelled. Except for 105,375 Class B Options that vested immediately upon grant, the Class B Options vested over 4 years and could be exercised through December 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 12, 2011 there are no more Class B Options or Profit Certificates outstanding.

The Class A Profit Certificates are exchangeable into shares of the Company on a one for one basis, subject to certain conditions being met. Upon exercise, these profit certificates give 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		Warrants granted				
Warrant Plan	**Date approved by the extraordinary shareholders' meeting**	**Total number of warrants issued**	**Name of the grant**	**Date offered**	**Number of warrants offered**	**Number of warrants accepted**	**Beneficiaries**
Warrant Plan 2007	December 27, 2007	3,300,000	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	Warrant Plan 2008	May 29, 2008	317,000	317,000	CEO
Warrant Plan 2009	May 28, 2009	180,000	Warrant Plan 2009	May 28, 2009	180,000	180,000	CEO
Warrant Plan 2010	April 28, 2010	2,800,000	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

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.

In 2010, the board of directors authorized two separate grants of warrants under the Warrant Plan 2010 (ESOP 2010 primo and ESOP 2010 bis). 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).

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 has 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 has determined on February 15, 2012 that the applicable performance criteria have 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) on March 1, 2012.

On February 15, 2012 the Remuneration & Nomination Committee, in consultation with the CEO, has determined the performance criteria for a third tranche of 200,000 options (232,258 options after giving effect to the impact of the 2011 capital reduction) under the SSOP 2010-2014 with an exercise price of €25.00 (€21.53 after giving effect to the impact of the 2011 capital reduction), and therefore the grant of these options is considered to have occurred on that date. Subject to achievement of the relevant performance criteria for the year 2012, these options will vest on March 1, 2013.

A fourth tranche of 200,000 additional stock options (232,258 after giving effect to the impact of the 2011 capital reduction) with an exercise price of €26.00 (€22.39 after giving effect to the impact of the 2011 capital reduction) per option, will be for accounting purposes considered to have been granted in February 2013 upon determination of the related performance criteria. Subject to achievement of 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 2011, 2010, 2009, 2008 and 2007 were determined using the Black-Scholes option-pricing model.

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	Fair Value at grant date	Share Price	Exercise Price(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	Fair Value at grant date	Share Price	Exercise Price		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	19.81	36.9%	5.7 years	0.0%	2.44%
”	February 23, 2011	15.31	31.39	24.00	20.67	36.9%	5.3 years	0.0%	3.62%
”	February 15, 2012	11.85	28.82	25.00	21.53	32.2%	4.3 years	0.0%	2.08%
”				26.00	22.39				

Effect of capital reductions on the outstanding options and warrants

Upon the payment of the capital reductions in 2010 and 2011, 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 / share	Adjustment factor
Capital Reduction 2010	3	July 27, 2010	August 2, 2010	2.23	0.907161
Capital Reduction 2011	4	July 25, 2011	July 29, 2011	4.50	0.861111

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:

Capital Reduction 2010	Outstanding number of options and warrants		Exercise price of the options and warrants	
	before capital reduction	after capital reduction	before capital reduction	after capital reduction
Class A Options	270,303	297,966	4.92	4.46
Class B Options	33,300	36,709	6.16	5.59
Warrant Plan 2007 warrants	28,366	31,269	18.81	17.06
Warrant Plan 2007 bis warrants	823,650	907,942	14.06	12.75
Warrant Plan 2007 ter warrants	37,589	41,435	14.24	12.92
Warrant Plan 2007 quater warrants	1,214,617	1,338,928	13.92	12.63
Warrant Plan 2007 quinquies warrants	155,000	170,863	19.45	17.64
Warrant Plan 2007 sexies warrants	93,000	102,517	18.98	17.22
Warrant Plan 2008 warrants	326,981	360,444	15.38	13.95
Warrant Plan 2009 warrants	185,668	204,669	13.79	12.51

Capital Reduction 2011	Outstanding number of options and warrants		Exercise price of the options and warrants	
	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

The options under the SSOP 2010-2014 were also amended following the payment of the 2011 capital reduction, whereby the number of options was increased and the exercise price was decreased by the same factor of 0.861111.

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

	Outstanding number of SSOP 2010-2014 options		Exercise price of the SSOP 2010-2014 options	
	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

All plans

A summary of the activity in the Company's stock option and warrant plans for the years ended December 31, 2011, and 2010 is as follows:

	Outstanding Options and warrants	
	Number of Options and Warrants	Weighted Average Exercise Prices (in euro)
January 1, 2010	**3,254,636**	**13.48**
Granted		
Warrant Plan 2007 quinquies warrants granted	155,000	19.45
Warrant Plan 2007 sexies warrants granted	93,000	18.98
Warrant Plan 2007 septies warrants granted	189,900	24.02
Warrant Plan 2010 primo warrants granted	1,006,700	24.02
Specific Stock Option Plan 2010-2014 options granted (Tranche 1)	250,000	23.00
Additional issued upon plan amendment		
Additional Class A Options issued upon plan amendment	27,663	4.46
Additional Class B Options issued upon plan amendment	3,409	5.59
Additional Warrant Plan 2007 warrants issued upon plan amendment	2,903	17.06
Additional Warrant Plan 2007 bis warrants issued upon plan amendment	84,292	12.75
Additional Warrant Plan 2007 ter warrants issued upon plan amendment	3,846	12.92
Additional Warrant Plan 2007 quater warrants issued upon plan amendment	124,311	12.63
Additional Warrant Plan 2007 quinquies warrants issued upon plan amendment	15,863	17.64
Additional Warrant Plan 2007 sexies warrants issued upon plan amendment	9,517	17.22
Additional Warrant Plan 2008 warrants issued upon plan amendment	33,463	13.95
Additional Warrant Plan 2009 warrants issued upon plan amendment	19,001	12.51
Exercised		
Class B Options exercised	(132,105)	6.05
Warrant Plan 2007 bis warrants exercised	(320,449)	13.42
Warrant Plan 2007 ter warrants exercised	(10,546)	13.40
Warrant Plan 2007 quater warrants exercised	(217,827)	12.90
Warrant Plan 2007 sexies warrants exercised	(12,393)	17.22
Forfeited		
Warrant Plan 2007 bis warrants forfeited	(18,498)	13.29
Warrant Plan 2007 ter warrants forfeited	(2,902)	14.24
Warrant Plan 2007 quater warrants forfeited	(86,583)	12.68
December 31, 2010	**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
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

	Outstanding Options and warrants	
	Number of Options and Warrants	Weighted Average Exercise Prices (in euro)
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**

The options and warrants in the table below were exercised resulting in the receipt of payments of €10.5 million and €8.3 million during the years ended December 31, 2011 and 2010, respectively. Upon exercise, the Class B options were exchanged on a one-for-one basis for Class B 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 a transfer of €0.2 million and €1.0 million between Equity based compensation reserves and Share Capital within Equity in 2011 and 2010, 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 B Options	12,179	12/04/2011	32.08
Warrant Plan 2007 warrants	1,806	12/10/2011	27.46
Warrant Plan 2007 bis warrants	111,208	12/04/2011	32.08
	72,180	12/10/2011	27.46
	8,841	22/12/2011	28.31
Warrant Plan 2007 ter warrants	355	12/04/2011	32.08
	825	12/10/2011	27.46
	412	22/12/2011	28.31
Warrant Plan 2007 quater warrants	176,205	12/04/2011	32.08
	95,574	12/10/2011	27.46
	40,501	22/12/2011	28.31
Warrant Plan 2007 sexies warrants	861	12/04/2011	32.08
	17,072	12/10/2011	27.46
	1,000	22/12/2011	28.31
Warrant Plan 2007 septies warrants	10,000	12/04/2011	32.08
	14,000	12/10/2011	27.46
	7,000	22/12/2011	28.31
Warrant Plan 2010 primo warrants	70,498	12/04/2011	32.08
	59,909	12/10/2011	27.46
	18,341	22/12/2011	28.31
Warrant Plan 2010 bis warrants	4,352	22/12/2011	28.31

The following table summarizes information about stock options and warrants outstanding and exercisable as of December 31, 2011:

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)
Class A Options	346,025	346,025	5 months	3.84
Warrant Plan 2007 warrants	34,507	34,507	15 months	14.69
Warrant Plan 2007 bis warrants	646,265	574,614	50 months	10.98
Warrant Plan 2007 ter warrants	37,389	28,617	56 months	11.13
Warrant Plan 2007 quater warrants	900,554	410,394	30 months	10.88
Warrant Plan 2007 quinquies warrants	198,422	99,209	35 months	15.19
Warrant Plan 2007 sexies warrants	77,347	23,787	36 months	14.83
Warrant Plan 2007 septies warrants	187,916	36,298	45 months	20.68
Warrant Plan 2008 warrants	418,580	392,417	17 months	12.01
Warrant Plan 2009 warrants	237,680	148,545	29 months	10.77
Warrant Plan 2010 primo warrants	947,295	217,149	45 months	20.68
Warrant Plan 2010 bis warrants	50,804	13,780	47 months	24.79
Warrant Plan 2010 ter warrants	147,500	9,214	55 months	26.35
Specific Stock Option Plan 2010-2014 options tranche1	290,323	—	68 months	19.81
Specific Stock Option Plan 2010-2014 options tranche 2	232,258	—	68 months	20.67

Total compensation expense associated with the Company’s option and warrant plans amounted to €13.0 million in 2011 (2010: €9.8 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. Any compensation costs attributable to the 2011 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 2011, no compensation expense was recognized in respect of the 2011 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, 2011 and 2010.

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Amended Senior Credit Facility:		
Revolving Credit Facility	294	230
Term Loan G	—	1,470,529
Term Loan J	—	79,263
Term Loan K	—	158,000
Term Loan L1	—	208,457
Term Loan Q	431,090	—
Term Loan R	798,739	—
Senior Secured Fixed Rate Notes		
€500 million Senior Secured Notes due 2020	503,984	505,047
€100 million Senior Secured Notes due 2016	100,663	100,515
€300 million Senior Secured Notes due 2021	307,453	—
Senior Secured Floating Rate Notes		
€400 million Senior Secured Notes due 2021	400,943	—
Finance lease obligations	332,745	340,125
Bank Loan	8	31
3G Mobile Spectrum	60,679	—
Clientele fee > 20 years	70,644	65,137
	3,007,242	**2,927,334**
Less: deferred financing fees	(47,709)	(49,638)
	2,959,533	**2,877,696**
Less: current portion	(55,402)	(40,319)
Total non-current loans and borrowings	**2,904,131**	**2,837,377**

As of December 31, 2011 and 2010, all loans and borrowings are denominated in euros. Fixed interest rates applied to 43.80% of the total loans and borrowings (2010: 32.36%). The weighted average interest rates at December 31, 2011, were 6.26% on fixed interest rate loans (2010: 6.30%) and 4.74% on floating interest rate loans (2010: 4.40%).

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.

After the completion of the 2009 amendments to the Senior Credit Facility in June and August 2009 (the "2009 Amended Senior Credit Facility"), the Telenet Senior Credit Facility included Facilities A, B1, B2A, B2B, C, D, E1, E2 and F, all of which were Term Loan facilities, and a Revolving Credit Facility. Among other matters, the completion of the 2009 Amended Senior Credit Facility resulted in the extension of a significant portion of the maturities under the Senior Credit Facility. Total Term Loans and revolving credit lines available remained unchanged and amounted to €2,300.0 million as of December 31, 2009.

5.12.2 2010 Amended Senior Credit Facility

On June 25, 2010 the Term Loan E2 and on June 28, 2010 Term Loan B2A were drawn for the full amount of respectively €90.0 million and €45.0 million.

On July 19, 2010, the Company launched a voluntary exchange process for certain Term Loans under its €2,300 million 2009 Amended Senior Credit Facility. With this exchange process, the Company intended to extend the average maturity of its term debt. Lenders had the opportunity to exchange their existing participations and commitments with participations and commitments in new tranches with extended maturities (July 31, 2017) and improved economics. New Facilities F, G, H, I, J, K, L1 and L2 were executed under the 2010 Amended Senior Credit Facility. All of these facilities were euro-denominated Term Loan Facilities. On October 12, 2010, the voluntary exchange process was successfully finalized.

The exchange from Term Loan A, B1, B2A, C, D and E1 resulted in an extended maturity date and modified interest rates. The novations to Term Loan H, I, J, K, L1 and L2, did not consist of an extension of the maturity date and only implied a change in borrower, being Telenet International Finance S.à r.l. instead of Telenet NV. The exchange from Term Loan F into Term Loan G also consisted solely of the above mentioned change in borrower since the maturity date and all other economics of the Term Loan G were the same as those of Term Loan F.

The situation of the 2010 Amended Senior Credit Facility immediately after the 2010 extension process is summarized in the table below:

	Total Facility	Drawn amount	Undrawn amount	Maturity Date	Interest rate
	After novation / extension (in thousands of euro)				
2010 Amended Senior Credit Facility:					
Term Loan B1	3,000	3,000	—	January 31, 2013 July 31, 2013 January 31, 2014	Floating—Euribor + 2.50%
Term Loan F	4,000	4,000	—	July 31, 2017	Floating—Euribor + 3.75%
Term Loan G	1,470,529	1,470,529	—	July 31, 2017	Floating—Euribor + 3.75%
Term Loan H	72,734	72,734	—	August 1, 2012	Floating—Euribor + 2.25%
Term Loan I	39,017	39,017	—	January 31, 2013 July 31, 2013 January 31, 2014	Floating—Euribor + 2.50%
Term Loan J	79,263	79,263	—	August 1, 2015	Floating—Euribor + 2.75%
Term Loan K	158,000	158,000	—	December 31, 2014	Floating—Euribor + 3.00%
Term Loan L1	208,457	208,457	—	March 31, 2015	Floating—Euribor + 3.50%
Term Loan L2	90,000	90,000	—	March 31, 2015	Floating—Euribor + 3.50%
Revolving Credit Facility	175,000	—	175,000	August 1, 2014	Floating—Euribor + 2.125%
Total notional amount	**2,300,000**	**2,125,000**	**175,000**		

Upon finalization of the novation/extension process at October 12, 2010, the amounts remaining outstanding under Term Loan B1 and F amounted to €3.0 million, respectively €4.0 million. On October 29, 2010 the Company decided to redeem the above mentioned tranches before maturity date. The unamortized deferred financing fees related to Term Loan B1 and F amounted to €0.1 million and were accounted for as loss on extinguishment of debt.

The net proceeds from the €500.0 million Senior Secured Notes due 2020 (see Note 5.12.4) were partially used to redeem the outstanding Term Loans H, I and L2 under the 2010 Amended Senior Credit Facility before maturity for an aggregate €201.7 million. The unamortized deferred financing fees related to Term Loan H, I and L2 amounted to €7.8 million and were accounted for as a loss on extinguishment of debt upon early redemption on November 15, 2010.

The terms and conditions of the 2010 Amended Senior Credit Facility and the situation at December 31, 2010 are summarized as follows:

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate
	December 31, 2010 (in thousands of euro)				
2010 Amended Senior Credit Facility:					
Term Loan G	1,470,529	1,470,529	—	July 31, 2017	Floating—Euribor + 3.75%
Term Loan J	79,263	79,263	—	August 1, 2015	Floating—Euribor + 2.75%
Term Loan K	158,000	158,000	—	December 31, 2014	Floating—Euribor + 3.00%
Term Loan L1	208,457	208,457	—	March 31, 2015	Floating—Euribor + 3.50%
Revolving Credit Facility	175,000	—	175,000	August 1, 2014	Floating—Euribor + 2.125%
Total notional amount	**2,091,249**	**1,916,249**	**175,000**		

5.12.3 2011 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 successful 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 2011 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 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 have been 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 2011 Amended Senior Credit Facility to approximately 8 years.

The terms and conditions of the 2011 Amended Senior Credit Facility and the situation at December 31, 2011 is summarized as follows:

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate
	December 31, 2011 (in thousands of euro)				
2011 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**		

5.12.4 Senior Secured Notes

Issuance of €500.0 million Senior Secured 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 is incorporated as a corporate partnership limited by shares and is owned for 99.99% 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 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 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 is incorporated as a limited liability company and is owned for 100.00% by a charitable trust.

TFL II 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 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 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 is 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 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 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 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 is 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 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 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 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.

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, 2011 are shown in the following table:

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
	December 31, 2011 (in thousands of euro)					
2011 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
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.)
Senior Secured Floating Rate Notes						
€400 million Senior Secured Notes due 2021	400,000	400,000	—	June 15, 2021	Floating—3-month Euribor+3.875%	Quarterly (March, June, Sep. and Dec.)
Total notional amount	**2,687,672**	**2,529,672**	**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 "2011 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 Solutions Luxembourg S.A., Telenet Luxembourg Finance Center S.à r.l., Finance Center Telenet S.à r.l. and Telenet Service Center N.V.) under the 2011 Amended Senior Credit Facility over substantially all their assets of which the carrying amounts as of December 31, 2011 and 2010 can be detailed as follows:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Assets		
Non-current assets:		
Property and equipment	1,298,113	1,306,982
Goodwill	1,233,438	1,235,895
Other intangible assets	341,387	311,927
Derivative financial instruments	—	4,718
Investments in equity accounted investees	185	212
Other assets	35,725	1,892
Total non-current assets	**2,908,848**	**2,861,626**
Current assets:		
Inventories	829	1,025
Trade receivables	90,799	74,059
Derivative financial instruments	1,703	315
Other current assets	75,878	55,357
Cash and cash equivalents	341,335	639,104
Total current assets	**510,544**	**769,860**
Total assets	**3,419,392**	**3,631,486**

The above-mentioned security interests include:

- pledges of all shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.;
- non-joined (non-cumulative) mortgages of (i) €800 million granted 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);
- non-exercised mortgage mandates of (i) €650 million granted by Telenet NV (formerly called Telenet BidCo NV), (ii) €450 million granted 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;
- non-joined (non-cumulative) floating charges (*pand op handelszaak*) of (i) €1.25 billion granted by Telenet NV (formerly called Telenet Operaties 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 mortgages;
- a non-exercised floating charge mandate of €865 million granted by Telenet NV;
- pledges of all present and future receivables granted by Telenet Group Holding NV, Telenet NV and Telenet Vlaanderen NV;
- pledges of all present and future intercompany receivables granted by Telenet International Finance S.à r.l.; and
- pledges on bank accounts granted by Telenet Group Holding NV, Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.

As of December 31, 2011, 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., the following security has been granted to the trustee under the notes on behalf of itself and the holder 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 2011 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 2011 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 accounts.

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., the following 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 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 2011 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., the following security has been granted to the trustee under the notes on behalf of itself and the holder 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 2011 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 2011 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 accounts.

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., the following security has been granted to the trustee under the notes on behalf of itself and the holder 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 2011 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 2011 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 accounts.

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.

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, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Within one year	45,526	50,482	19,185	21,053	26,341	29,429
In the second to fifth years, inclusive	183,194	180,518	64,761	66,689	118,433	113,829
Thereafter	226,566	241,861	43,419	49,825	183,147	192,036
Total minimum lease payments	**455,286**	**472,861**	**127,365**	**137,567**	**327,921**	**335,294**

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, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**
Buildings	39,226	44,495	6,976	8,171	32,250	36,324
Canon	374,180	383,134	107,636	114,795	266,544	268,339
Norkring (Digital Terrestrial Television)	41,613	44,942	12,753	14,601	28,860	30,341
Other	267	290	—	—	267	290
Total minimum lease payments	**455,286**	**472,861**	**127,365**	**137,567**	**327,921**	**335,294**

Canon, Clientele and Annuity agreements

In 1996, the Company acquired the exclusive right to offer point-to-point services including broadband internet and telephony services, as well as the right 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 35 years remained at the end of 2011). 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.

As the company obtained the ownership and control over the entire network through the Clientele, Annuity and Canon Agreements, the net book value of the user rights was transferred in 2008 from intangibles to property and equipment.

For the year ended December 31, 2011, the average effective borrowing rate for the three above mentioned fees was 6.68% (2010 : 6.65%).

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 the 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 foresees in 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%. 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, 2011, the average effective borrowing rate was 3.86% (2010: 3.53%). 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 (see Note 5.6). For the year ended December 31, 2011, the average effective borrowing rate for the 3G mobile spectrum was 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, 2011 and 2010, the outstanding forward foreign exchange derivatives were as follows:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Forward Purchase Contracts		
Notional amount in US dollar	47,000	12,000
Weighted average strike price (US dollar per euro)	1.363	1.375
Maturity	From January to December 2012	From January to March 2012

As of December 31, 2011 and 2010, the outstanding interest rate derivatives were as follows:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Interest Rate Swaps		
Notional amount	2,145,000	1,200,000
Average pay interest rate	3.57%	3.85%
Average receive interest rate	EURIBOR 3M	0.74%
Maturity	From 2012 to 2021	From 2011 to 2017
Basis Swaps		
Notional amount	1,000,000	—
Average pay interest rate	EURIBOR 3M	—
Average receive interest rate	EURIBOR 1M+0.31%	—
Maturity	From 2012 to 2013	—
Caps		
Notional amount	255,875	1,057,115
Average cap interest rate	3.75%	3.80%
Maturity	From 2012 to 2017	From 2011 to 2017
Collars		
Notional amount	950,000	1,025,000
Average floor interest rate	1.50%	1.11%
Average cap interest rate	4.00%	4.06%
Maturity	2017	From 2011 to 2017

The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Current assets	1,988	315
Non-current assets	190	4,718
Current liabilities	(28,877)	(24,729)
Non-current liabilities	(94,093)	(35,914)
	(120,792)	**(55,610)**
Interest rate derivatives	(122,379)	(56,029)
Foreign exchange forwards	1,703	276
Embedded derivatives	(116)	143
	(120,792)	**(55,610)**

Realized and unrealized gains (losses) on financial and derivative instruments comprise the following amounts:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Interest rate derivatives	(63,849)	(39,228)
Foreign exchange forwards	1,427	45
Embedded derivatives	(251)	185
	(62,673)	**(38,998)**

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 paid (received)	Increase (decrease) in earnings
January 1, 2010	**(25,754)**	**—**	**91,167**	**(116,921)**
Change in fair value of interest rate derivatives and forward contracts	(42,981)	—	—	(42,981)
Embedded derivatives at fair value through P&L	185	—	—	185
Operating profit & CAPEX impact embedded derivatives	—	(89)	—	89
Prepaid hedge premiums CAPS & COLLARS	12,940	—	12,940	—
Cash received upon early termination CAPS & COLLARS	—	—	(3,709)	3,709
December 31, 2010	**(55,610)**	**(89)**	**100,398**	**(155,919)**

(in thousands of euro)	Increase (decrease) in fair value	Increase (decrease) in operating profit & CAPEX	Cash paid (received)	Increase (decrease) in earnings
January 1, 2011	**(55,610)**	**(89)**	**100,398**	**(155,919)**
Change in fair value of interest rate derivatives and forward contracts	(64,930)	—	—	(64,930)
Embedded derivatives at fair value through P&L	(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)**

5.13.2 Fair value

The carrying amounts and related estimated fair values of the Company's significant financial instruments were as follows:

	December 31, 2011		December 31, 2010	
(in thousands of euro)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Amended Senior Credit Facility	(1,230,123)	(1,199,381)	(1,916,479)	(1,918,911)
Senior Secured Fixed Rate Notes	(912,100)	(877,789)	(605,562)	(613,312)
Senior Secured Floating Rate Notes	(400,943)	(386,943)	—	—
Finance Lease obligations	(332,745)	(301,839)	(340,125)	(330,785)
Clientele fee > 20 years	(70,644)	(63,524)	(65,137)	(74,093)
3G Mobile Spectrum	(60,679)	(48,801)	—	—
Other bank loans	(8)	(8)	(31)	(31)
Total loans and borrowings (including short-term maturities)	**(3,007,242)**	**(2,878,285)**	**(2,927,334)**	**(2,937,132)**
Foreign exchange forwards	1,703	1,703	276	276
Interest rate swaps	(91,190)	(91,190)	(55,944)	(55,944)
Caps	(87)	(87)	1,913	1,913
Collars	(31,102)	(31,102)	(1,998)	(1,998)
Embedded derivatives	(116)	(116)	143	143
Total derivative instruments	**(120,792)**	**(120,792)**	**(55,610)**	**(55,610)**
Total	**(3,128,034)**	**(2,999,077)**	**(2,982,944)**	**(2,992,742)**

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 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. 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, 2011	(Charged) credited to the statement of comprehensive income	Acquisition of Subsidiary	December 31, 2011
Deferred tax assets:				
Financial instruments	26,651	8,641	—	35,292
Property and equipment	20,706	4,202	—	24,908
Provisions	6,337	6,842	—	13,179
Tax loss carry-forwards	44,183	(1,678)	—	42,505
Other	188	17,766	—	17,954
Total Deferred tax assets	**98,065**	**35,773**(1)		**133,838**(2)
Deferred tax liabilities:				
Financial instruments	—	(11,596)	—	(11,596)
Intangible assets	(37,590)	(16,746)	—	(54,336)
Investments	(266)	217	—	(49)
Property and equipment	(35,806)	(10,296)	—	(46,102)
Provisions	(6,097)	(23,439)	—	(29,536)
Other	(3,945)	(6,667)	—	(10,612)
Total Deferred tax liabilities	**(83,704)**	**(68,527)**(1)		**(152,231)**(2)

(in thousands of euro)	Statement of comprehensive income(1)	Balance Sheet(2)
Deferred tax assets	35,774	133,838
Deferred tax liabilities	(68,527)	(152,231)
	(32,753)	**(18,393)**
Statement of comprehensive income (see Note 5.22)		
Deferred tax (benefit) / expense	32,753	
Current tax expense	4,164	
	36,918	
Balance Sheet		
Deferred tax assets		10,721
Deferred tax liabilities		(29,114)
		(18,393)

(in thousands of euro)	January 1, 2010	(Charged) credited to the statement of comprehensive income	Acquisition of Subsidiary	December 31, 2010
Deferred tax assets:				
Financial instruments	17,053	9,598	—	26,651
Property and equipment	11,860	8,846	—	20,706
Intangible assets	4,740	(4,740)	—	—
Provisions	4,169	2,168	—	6,337
Tax loss carry-forwards	111,604	(67,560)	139	44,183
Other	—	188	—	188
Total Deferred tax assets	**149,426**	**(51,500)**(1)	**139**	**98,065**(2)
Deferred tax liabilities:				
Intangible assets	(43,792)	6,428	(226)	(37,590)
Investments	(131)	(135)	—	(266)
Property and equipment	(23,769)	(12,037)	—	(35,806)
Other	(11,056)	378	636	(10,042)
Total Deferred tax liabilities	**(78,748)**	**(5,366)**(1)	**410**	**(83,704)**(2)

(in thousands of euro)	Statement of comprehensive income(1)	Balance Sheet(2)
Deferred tax assets	(51,500)	98,065
Deferred tax liabilities	(5,366)	(83,704)
	(56,866)	**14,361**
Statement of comprehensive income (see Note 5.22)		
Deferred tax (benefit) / expense	56,866	
Current tax expense	306	
	57,172	
Balance Sheet		
Deferred tax assets		19,905
Deferred tax liabilities		(5,544)
		14,361

As of December 31, 2011, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €291.8 million (2010: €248.9 million). Under current Belgian 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 recognise deferred tax assets of €56.0 million (2010: €40.4 million) in respect of losses amounting to €166.2 million (2010: €118.9 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.

As at December 31, 2011, no deferred tax liabilities of €0.0 million (2010: €1.7 million) relating to investments in subsidiaries were recognized for future dividend streams to the parent Company because management believes that the liabilities will not be incurred in the foreseeable future.

5.15 OTHER LIABILITIES

	Note		December 31, 2011	December 31, 2010
			(in thousands of euro)	
Employee benefit obligations	5.16		7,146	5,642
Copyright fees			—	568
Other personnel related obligations		5.3.4	3,474	3,796
Long service awards	5.16	5.3.4	4,652	4,105
Interkabel out of market opex			14,160	16,214
Asset retirement obligations			2,372	2,354
Liabilities regarding sports broadcasting rights	5.6	5.3.4	77,594	—
Other			6,200	5,466
Total Other liabilities			**115,598**	**38,145**

The acquisition by Telenet 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, 2011, the remaining non-current and current liabilities with respect to these broadcasting rights amounted to €67.4 million and €53.6 million (see Note 5.17), respectively.

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, 2011 amounts to €14.2 million (2010: €16.2 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:

		December 31, 2011			December 31, 2010		
(in thousands of euro)	Note	Total employee benefit plans	of which Defined benefit pension plans	of which Other post retirement plans	Total employee benefit plans	of which Defined benefit pension plans	of which Other post retirement plans
			Note 5.16			Note 5.16	
Defined benefit pension plans		420	420	—	385	385	—
Other post-retirement plans		5,191	—	5,191	4,406	—	4,406
Other employee benefit plans		1,535	—	—	851	—	—
Total LT employee benefit obligations	5.15	**7,146**	**420**	**5,191**	**5,642**	**385**	**4,406**
Total LT service awards	5.15	**4,652**	**—**	**—**	**4,105**	**—**	**—**
Total ST service awards		**438**	**—**	**—**	**625**	**—**	**—**
Defined benefit pension plans		(3,082)	(3,082)	—	(2,913)	(2,913)	—
Defined contribution plans		—	—	—	—	—	—
Total LT asset related to funding of employee benefit obligations	5.8.1	**(3,082)**	**(3,082)**	**—**	**(2,913)**	**(2,913)**	**—**
Total employee benefit plans liability/(asset)		**9,154**	**(2,662)**	**5,191**	**7,459**	**(2,528)**	**4,406**

Defined contribution plans

Total employer contributions to the defined contribution plan for 2011 amounted to €2.7 million (2010: €1.2 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 €32.1 million at December 31, 2011 (2010: €29.4 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, 2011 and 2010.

Long service awards

The Company has also recognized a liability of €4.7 million at December 31, 2011 (2010: €4.1 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 employee's 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, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Present value of funded obligations	12,018	10,951	—	—
Fair value of plan assets	(10,093)	(10,073)	—	—
	1,925	**878**	**—**	**—**
Present value of unfunded obligations	—	—	7,842	5,634
Unrecognized net actuarial gain/(loss)	(4,587)	(3,406)	(2,651)	(1,228)
Net (asset) liability	**(2,662)**	**(2,528)**	**5,191**	**4,406**

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, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Service cost	1,504	1,504	355	379
Interest cost	555	509	343	257
Expected return on plan assets	(414)	(401)	—	—
Losses / (gains) on settlements	—	—	—	—
Actuarial losses recognized in the year	314	158	150	48
Total	**1,959**	**1,770**	**848**	**684**

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, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Opening defined benefit obligation	10,951	10,835	5,634	3,601
Service cost	1,504	1,504	355	379
Interest cost	555	509	343	257
Plan participants contributions	47	44	—	—
Liabilities extinguished on settlements	—	—	—	—
Actuarial loss (gain)	84	(1,544)	1,573	1,443
Benefits paid	(1,123)	(397)	(63)	(46)
Closing defined benefit obligation	**12,018**	**10,951**	**7,842**	**5,634**

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, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Opening fair value of plan assets	10,073	8,856	—	—
Expected return on plan assets	414	401	—	—
Company contributions	2,093	2,223	63	46
Plan participants contributions	47	44	—	—
Assets distributed on settlements	—	—	—	—
Actuarial (loss) gain	(1,411)	(1,054)	—	—
Benefits paid	(1,123)	(397)	(63)	(46)
Closing fair value of plan assets	**10,093**	**10,073**	**0**	**0**

The actual return on plan assets for the plans shown was €(1.0) million (2010: €(0.6) million).

A 1% change in 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	183	(133)
b) defined benefit obligation	1,742	(1,244)

The experience adjustments for the current and previous four annual periods amount to:

(in thousands of euro)	2011	2010	2009	2008	2007
Defined benefit obligation	19,860	16,585	14,436	14,708	11,150
Fair value of plan assets	10,093	10,073	8,856	5,303	3,228
(Surplus) / deficit	9,767	6,512	5,580	9,405	7,922
Experience adjustments on plan liabilities	1,352	(1,348)	(945)	590	(831)
Experience adjustments on plan assets	(1,411)	(1,054)	(678)	(265)	(1,547)

The principal assumptions used for the purpose of the actuarial valuations are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
	2011	2010	2011	2010
Discount rate at December 31	4.50%	4.75%	4.50%	4.75%
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 contributions towards defined benefit plans for 2012 are estimated at €2.2 million.

The expected rate of return reflects the guaranteed interest rates under the insurance contracts and expected insurance dividends.

5.17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

(in thousands of euro)		Note	December 31, 2011	December 31, 2010
Customer deposits		5.3.4	22,958	23,438
Compensation and employee benefits		5.3.4	48,653	44,139
VAT and withholding taxes			15,616	18,904
Copyright fees		5.3.4	787	989
Dividend payable to shareholders		5.3.4	667	375
Current portion of "Interkabel out of market component" liability			727	2,087
Accrued programming fees		5.3.4	41,790	43,267
Accrued capital expenditure		5.3.4	18,517	18,223
Accrued other liabilities—invoices to receive regarding:		5.3.4		
Goods received and services performed		5.3.4	32,221	39,444
Professional fees		5.3.4	16,954	16,198
Warehouse items received		5.3.4	13,868	12,176
Interconnect		5.3.4	13,435	10,225
Advertising, marketing and public relations		5.3.4	13,247	9,712
Infrastructure		5.3.4	7,383	5,484
Other		5.3.4	24,385	37,555
Accrued interest on derivatives		5.3.4	1,390	7
Liabilities regarding capital transactions with equity participants		5.3.4	3,563	—
Liabilities regarding sports broadcasting rights	5.6	5.3.4	43,049	—
Other current liabilities		5.3.4	570	848
Total Accrued expenses and other current liabilities			**319,780**	**283,071**

5.18 REVENUE

The Company's revenue is comprised of the following:

(in thousands of euro)	For the years ended December 31, 2011	2010
Cable television:		
Basic Subscribers(1)	317,853	325,100
Premium Subscribers(1)	189,144	150,684
Residential:		
Internet	441,674	426,657
Telephony(2)	279,334	255,862
Distributors/Other	57,509	55,734
Business	90,739	84,956
Total Revenue	**1,376,253**	**1,298,993**

The Company also has deferred revenue as follows:

(in thousands of euro)	December 31, 2011	December 31, 2010
Cable television:		
Basic Subscribers(1)	47,492	64,764
Premium Subscribers(1)	4,662	6,698
Residential:		
Internet	12,504	10,864
Telephony(2)	4,491	3,844
Distributors/Other	20,395	12,779
Business	1,627	1,513
Total Deferred Revenue	**91,171**	**100,462**
Current portion	86,791	94,034
Non-current portion	4,380	6,428

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.

5.19 EXPENSES BY NATURE

(in thousands of euro)	Note	For the years ended December 31, 2011	2010
Employee benefits:			
Wages, salaries, commissions and social security costs		123,180	117,296
Other employee benefit costs		21,186	16,512
		144,366	**133,808**
Depreciation and impairment	5.4	259,019	246,471
Amortization	5.6	70,753	60,487
Amortization of broadcasting rights	5.6	22,991	6,830
Impairment loss on other intangible assets		28,464	—
Losses (gains) on disposal of property and equipment and other intangible assets		2,065	46
Network operating and service costs		395,443	378,220
Advertising, sales and marketing		60,791	69,307
Share-based payments granted to directors and employees		13,005	9,787
Operating charges related to acquisitions or divestitures		724	267
Other costs		52,284	48,971
Restructuring charges		157	268
Total costs and expenses		**1,050,062**	**954,462**

1 Basic and premium cable television substantially comprises residential customers, but also includes a small portion of business customers.

2 Residential telephony revenue also includes interconnection fees generated by business customers.

The number of full time equivalents employed by the Company at December 31, 2011 was 2,093 (2010: 2,000).

5.20 FINANCE INCOME / EXPENSE

	For the years ended December 31, 2011	2010
	(in thousands of euro)	
Recognized in the statement of comprehensive income		
Finance income		
Interest income on bank deposits and commercial paper	6,586	1,513
Interest income on receivables	1,018	—
Net foreign exchange gain	204	—
	7,808	**1,513**
Finance expense		
Interest expense, net		
Interest expense on financial liabilities measured at amortized cost	(177,924)	(124,055)
Net interest expense on derivatives at fair value through statement of comprehensive income	(21,931)	(20,230)
Amortization of financing cost	(5,977)	(6,364)
	(205,832)	**(150,649)**
Net loss on derivative financial instruments	(62,673)	(38,998)
Loss on extinguishment of debt	(11,392)	(7,903)
Net foreign exchange loss	—	(1,608)
	(279,897)	**(199,158)**
Net finance expense recognized in the statement of comprehensive income	**(272,089)**	**(197,645)**

5.21 EQUITY ACCOUNTED INVESTEES

The Group's share in the net result of its equity accounted investees for the year ended December 31, 2011 was €0.4 million (loss) (2010: €0.4 million (loss)).

In 2011 and 2010 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:

	Ownership	Total net result	Group's share in the total net result
		(in thousands of euro)	
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)**
2010			
Pebble Media NV	33.33%	(594)	(198)
Thalys	20.00%	(1,070)	(214)
Total share of the loss of equity accounted investees		**(1,664)**	**(412)**

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. The VAR is a subsidiary of the Flemish public broadcaster VRT and manages the advertising strategy of the various public radio and television brands. The Concentra Group publishes various national, regional and specialized newspapers and magazines and owns three regional television stations. 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 qualified 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.

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Current assets	4,454	3,976
Non-current assets	40	71
Total assets	**4,494**	**4,047**
Current liabilities	3,939	3,411
Non-current liabilities	—	—
Equity	555	636
Total liabilities	**4,494**	**4,047**

	For the years ended December 31,	
	2011	2010
	(in thousands of euro)	
Revenue	9,082	7,288
	9,082	**7,288**

5.21.2 'Thalys' consortium

In 2007, Siemens Networks NV, 21NET Ltd and Telenet NV formed a consortium under the form of a "Association Momentanée/Tijdelijke Vereniging" under Belgian law with respect to a selection procedure by Thalys, the European high speed train operator, 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 has ended in the course of the fourth quarter of 2011. Final settlement of Telenet's share in the result of the 'Thalys' consortium amounts to €0.2 million and has been accounted for as a liability at December 31, 2011.

5.22 INCOME TAX EXPENSE

	For the years ended December 31,	
	2011	2010
	(in thousands of euro)	
Current tax expense	4,164	306
Deferred tax expense (Note 5.14)	32,753	56,866
Income tax expense	**36,918**	**57,172**

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,	
	2011	2010
	(in thousands of euro)	
Profit before tax	53,741	146,474
Income tax expense at the Belgian statutory rate of 33.99%	18,267	49,787
Expenses not deductible for tax purposes	6,545	32,271
Benefit of the investment deduction	(4,610)	(3,291)
Notional interest deduction	(925)	(5,070)
Expiration of tax losses	—	(3,337)
Adjustments recognized in the current year in relation to the filings for prior years	40	(3,582)
Impact of different tax rates	1,859	—
Utilisation of previously unrecognized tax losses	(136)	(11,738)
Tax losses and temporary differences for which no deferred tax asset was recognized	16,018	2,494
Other	(140)	(362)
Tax expense for the year	**36,918**	**57,172**

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,	
	2011	2010
	(in thousands of euro, except share and per share data)	
Net profit attributable to the equity holders of the Company	16,829	89,302
Weighted average number of ordinary shares	112,952,552	112,047,884
Weighted average number of Class B Profit Certificates	6,806	45,874
Weighted average number of shares used in the calculation of basic earnings per share	**112,959,358**	**112,093,758**
Basic earnings per share in €	0.15	0.80

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, 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

During the year ended December 31, 2010, the Company had twelve 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

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,	
	2011	**2010**
	(in thousands of euro, except share and per share data)	
Weighted average number of shares used in the calculation of basic earnings per share	**112,959,358**	**112,093,758**
Adjustment for:		
Class A Options	277,350	228,778
Class B Options	2,745	26,533
Warrant Plan 2007 Warrants	16,724	8,305
Warrant Plan 2007 bis Warrants	432,332	390,451
Warrant Plan 2008 Warrants	229,776	137,824
Warrant Plan 2007 ter Warrants	22,149	17,838
Warrant Plan 2007 quater Warrants	611,581	510,482
Warrant Plan 2009 Warrants	137,803	84,165
Warrant Plan 2007 quinquies Warrants	85,383	27,825
Warrant Plan 2007 sexies Warrants	40,654	16,824
Warrant Plan 2007 septies Warrants	39,862	—
Warrant Plan 2010 primo Warrants	202,827	—
Warrant Plan 2010 bis Warrants	3,778	—
Employee Share Purchase Plan	12,492	—
Weighted average number of shares used in the calculation of diluted earnings per share	**115,074,813**	**113,542,782**
Diluted earnings per share in €	0.15	0.79

5.24 ACQUISITIONS OF SUBSIDIARIES

No acquisition of subsidiaries have occurred in the course of 2011 while in 2010, the Company paid an amount of €2.3 million related to the following acquisitions of subsidiaries and affiliates:

	Note	Consideration transferred	
		For the years ended December 31,	
		2011	2010
		(in thousands of euro)	
Subsidiaries			
C-CURE NV		—	1,536
Hostbasket NV		—	629
Equity accounted investees			
Pebble Media NV	5.21	—	150
Total purchase consideration		**—**	**2,315**

5.24.1 C-CURE NV

On May 31, 2010, the Company acquired 100% of the shares of C-CURE NV, an internet security specialist. The agreed purchase price amounted to €2.2 million (€1.5 million net of cash acquired). The acquisition contract also included earn out clauses related to revenue and EBITDA targets for which a total amount of €0.2 million was included as a component of the total purchase consideration based on management's best estimate of the fair value of this contingent consideration.

For the seven months period from June until December 2010, C-CURE NV contributed revenue of €6.3 million and achieved a net result of €0.6 million. If the acquisition had occurred on January 1, 2010, management estimates that the Group's consolidated revenue for the year ended December 31, 2010 would have been €1,301.7 million, and the Group's consolidated profit for that same period would have been €88.9 million.

Telenet incurred €0.04 million of direct acquisition costs associated with the transaction and these have been expensed as incurred.

In the fourth quarter of 2010, the Company finalized its allocation of the consideration transferred over the net assets. The effect of the acquisition on the Company's assets and liabilities can thus be summarized as follows:

	Purchase Price Allocation
	December 31, 2010
	(in thousands of euro)
Current assets, net of cash acquired	1,754
Property and equipment	164
Intangible assets	664
Liabilities assumed	(2,708)
Goodwill	2,598
Total purchase consideration	**2,472**

An amount of €0.7 million was allocated to intangible assets being Customer Relationship (€0.6 million) and Tradename (€0.1 million) with useful lives determined at four, respectively five years.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating C-CURE into the Company's business.

At each reporting date the fair value of the contingent consideration was remeasured and was performed in first instance at the occasion of the finalization of the purchase price allocation exercise in December 2010. Given the strong performances of C-CURE NV, it was concluded to be more likely than not that the targets as defined in the Share Purchase Agreement ("SPA") would be fully achieved and therefore, Telenet revised its estimate of the earn-out amounts to €0.5 million as of December 31, 2010. The €0.3 million change in fair value of the contingent consideration was recognized as an expense in 2010.

In the course of the second quarter of 2011, a final settlement was signed by all parties involved with respect to the earn-out consideration amounting to in total €0.3 million, resulting in a recognition in earnings of €0.2 million.

5.24.2 Acquisition of BelCompany

On June 30, 2009, Telenet acquired the BelCompany stores and points of sale in Belgium, a supplier of mobile telecom and related products in Belgium. Its range comprises a range of mobile phones, subscriptions, accessories and pre-paid products of various brands, as well as internet products. BelCompany stores are situated at prime locations in medium-sized and large cities, thus operating near the customer. The agreed purchase price amounts to €6.3 million net of cash acquired. Telenet capitalized €0.6 million of direct acquisition costs associated with the transaction.

In the second quarter of 2010, the Company finalized its determination of the total consideration and the allocation of the consideration transferred over the net assets. The effect of the acquisition on the Company's assets and liabilities can thus be summarized as follows:

	Updated Purchase Price Allocation	Initial Purchase Price Allocation
	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Current assets, net of cash acquired	5,977	5,977
Property and equipment	1,633	1,633
Intangible assets	900	—
Liabilities assumed	(6,566)	(6,566)
Goodwill	4,356	5,524
Total purchase consideration	**6,300**	**6,568**

An amount of €0.9 million was allocated to intangible assets being Customer Relationship (€0.5 million) and Tradename (€0.4 million) with useful lives determined at one year, respectively two years.

5.25 NON CASH INVESTING AND FINANCING TRANSACTIONS

	For the years ended December 31,	
	2011	2010
	(in thousands of euro)	
Acquisition of property and equipment in exchange for finance lease obligations	24,856	18,564
Acquisition of network user rights in exchange for finance lease obligations	—	30,697
Acquisition of sports broadcasting rights (mainly Belgian football broadcasting rights) in exchange for investing obligations	168,840	—
Acquisition of 3G mobile spectrum in exchange for finance obligations	71,525	—

5.26 COMMITMENTS AND CONTINGENCIES

5.26.1 Pending litigations

Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business, as Telenet operates in a very competitive environment. Litigation could arise in connection with, amongst other things, intellectual property, advertising, campaigns, product offers, the pursuit of acquisition opportunities. Telenet discusses below certain pending lawsuits in which Telenet is involved. Other than as discussed below, Telenet does not expect the legal proceedings in which Telenet is involved or with which Telenet has been threatened to have a material adverse effect on its business or consolidated financial position. Telenet notes, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

Litigation concerning the in-principle agreement concluded between Telenet and the PICs, Interkabel and INDI

On November 26, 2007, Telenet and the PICs announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers, to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the 2008 PICs Agreement), which closed effective October 1, 2008. Beginning in December 2007, Belgacom instituted several proceedings seeking to block implementation of these agreements. It 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 and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. 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. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Belgacom's request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Belgacom appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Belgacom is now also seeking compensation for damages should the 2008 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 2008 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 2008 PICs Agreement. Belgacom's efforts to suspend approval of these agreements were unsuccessful. Final judgment in the Council of State annulment cases, which may be joined, has not yet been rendered. However, the auditor of the Belgian Council of State, who advises the judges, issued an opinion to the Belgian Council of State on May 3, 2011, indicating his belief that no public market consultation was required. A final verdict is expected in May or June 2012.

It is possible that Belgacom or another third party or public authority will initiate further legal proceedings in an attempt to block the integration of the PICs' analog and digital television activities or obtain the rescission of the 2008 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 2008 PICs Agreement and/or to an obligation for Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 PICs Agreement, which stipulates 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 2008 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 with 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 is successful in its claim, 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. 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, 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. 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 litigation

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.

As of December 31, 2011, Telenet retained an accrual of €0.8 million for claims of collection agencies and/ or certain broadcasters (which were not directly injected in Telenet's cable network and with whom Telenet has no all rights included contracts until December 31, 2011).

Telenet remains involved in one further case involving copyright claims. 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 in this procedure. Sabam lodged appeal.

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 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. Following that clarification by the Court of Appeal, the technical expert wished to resume his activities. However, M-Tec announced on January 20, 2012 that it will file a motion to the Court of Appeal in order to dismiss the judicial expert. As a consequence the expert stopped his further initiatives.

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, 2011 and 2010, the future minimum lease payments under cancellable and non-cancellable operating leases:

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Within one year	22,630	21,363
In the second to fifth year, inclusive	21,561	25,403
Thereafter	2,703	3,806
Total minimum lease payments	**46,894**	**50,572**
Minimum lease payments recognized as an expense in the year	**29,166**	**28,015**

The Company's operating leases as at December 31, 2011 and December 31, 2010 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 2011 and 2010. It also includes transactions with Pebble Media NV.

The following tables summarize material related party balances and transactions for the period:

5.27.1 Statement of financial position

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Trade receivables	527	776
Trade payables and accrued liabilities	219	73

5.27.2 Statement of comprehensive income

	December 31, 2011	December 31, 2010
	(in thousands of euro)	
Operating		
Revenue	1,382	1,135
Operating expenses	(1,736)	(1,165)
Other operating income	—	22

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, 2011	December 31, 2010
	(in thousands of euro)	
Salaries and other short-term employee benefits	5,117	4,952
Post-employment benefits	208	178
Share-based payments (compensation cost recognized)	6,995	5,954
	12,321	**11,084**

5.28 SUBSIDIARIES

5.28.1 Subsidiaries

Details of the Company's subsidiaries as of December 31, 2011 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.		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	65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance Luxembourg II S.A.(2)	RCS B.156.414	65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance III Luxembourg S.C.A.(3)	RCS B.158.666	65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance IV Luxembourg S.C.A.(4)	RCS B.161.083	65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance V Luxembourg S.C.A.(5)	RCS B.164.890	65 Boulevard Grande-Duchesse Charlotte, L-1331 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. 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 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.

5.29 SUBSEQUENT EVENTS

■ Increase in VAT rate from 12% to 21% on certain digital cable services

At the end of 2011, the new Belgian federal government decided to increase the VAT rate on certain digital services as part of its budget reform. In 2005, at the time of the launch of digital television in Belgium, the Belgian federal government decided to lower the VAT rate on digital cable television subscriptions from the standard VAT rate of 21% to 12% with a similar VAT rate of 12% being levied on pay television services. As of January 1, 2012, onwards, the VAT rate on digital cable television subscriptions and pay television was increased and harmonized at 21%. Consequently, Telenet has raised its consumer billings accordingly early 2012 in order to reflect the increase in VAT rate.

■ Issuance of €175 million debt under Senior Credit Facility

On February 8, 2012, Telenet announced the issuance of €175 million 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, has issued a new floating rate Term Loan ("Facility T") under its existing credit facility with maturity December 31, 2018 at a 3.50% margin over Euribor. Telenet will use the net proceeds from this new debt issuance for general corporate purposes of the Telenet Group, which may include distributions to Telenet's direct and indirect shareholders or acquisitions.

■ **Proposed dividend payment and capital reduction**

On February 16, 2012, Telenet announced that the board of directors will propose to the general shareholders' meeting of April 25, 2012 to approve (i) a dividend of €1.00 per share and (ii) a capital reduction of €3.25 per share.

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 2011 in relation to services provided by KPMG Bedrijfsrevisoren amounted to EUR 649,190 (2010: EUR 711,370), which was composed of audit services for the annual financial statements of EUR 536,950 (2010: EUR 521,650) and audit related services of EUR 112,240 (2010: EUR 189,720). Audit related services mainly relate to services incurred in connection with a series of bonds issues, attestation reports required by Belgian Company Law as well as other ad hoc attestation reports.

Audit and other fees for 2011 in relation to services provided by other offices in the KPMG network amounted to EUR 81.335 (2010: EUR 62,197), which was composed of audit services for the annual financial statements of EUR 50.000 (2010: EUR 20,000) and audit related services of EUR 31.335 (2010: EUR 42,197). Audit related services mainly relate to services incurred in connection with a series of bonds issues.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditor's report to the general meeting of shareholders of Telenet Group Holding NV on the consolidated financial statements for the year ended December 31, 2011.

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment and information.

Unqualified audit opinion 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 accounts comprise the consolidated statement of financial position as at December 31, 2011 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 3.541.734 and the consolidated statement of comprehensive income shows a profit for the year of EUR'000 16.823.

Board of directors' Responsibility for the Consolidated Financial Statements

The board of directors of the company 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.

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, legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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 accounting estimates made by the board of directors as well as the overall presentation of the consolidated financial statements. Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit.

We believe that the audit evidence we have obtained provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net worth and consolidated financial position as at December 31, 2011 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.

Additional comment and information

The preparation of the management report on the consolidated financial statements and its content are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comment and information, which do not modify our audit opinion on the consolidated financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- 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 December 31, 2011 and has disclosed its considerations for applying the accounting policies on a going concern basis.

Brussels, March 20, 2012

KPMG Bedrijfsrevisoren—Réviseurs d'Entreprises
Statutory auditor
represented by

Jos Briers	Götwin Jackers
Réviseur d'Entreprises/Bedrijfsrevisor	Réviseur d'Entreprises/Bedrijfsrevisor

Telenet Group Holding NV
December 31, 2010 consolidated financial statements

1 Consolidated statement of financial position

	Note	December 31, 2010	December 31, 2009
		(in thousands of euro)	
Assets			
Non-current assets:			
Property and equipment	5.4	1,310,202	1,314,968
Goodwill	5.5	1,241,798	1,240,376
Other intangible assets	5.6	313,559	308,645
Deferred tax assets	5.14	19,905	116,363
Derivative financial instruments	5.13	4,718	9,113
Investments in equity accounted investees	5.21	213	259
Other assets	5.8	4,935	5,600
Total non-current assets		**2,895,330**	**2,995,324**
Current assets:			
Inventories	5.9	12,612	11,305
Trade receivables	5.7	79,826	73,281
Derivative financial instruments	5.13	315	301
Other current assets	5.8	65,016	47,325
Cash and cash equivalents	5.10	639,581	145,709
Total current assets		**797,350**	**277,921**
Total assets		**3,692,680**	**3,273,245**
Equity and Liabilities			
Equity:			
Share capital	5.11	797,350	1,041,812
Share premium and other reserves	5.11	979,967	902,596
Retained loss	5.11	(1,559,845)	(1,584,352)
Total equity		**217,472**	**360,056**
Non-current liabilities:			
Loans and borrowings	5.12	2,837,377	2,291,538
Derivative financial instruments	5.13	35,914	18,586
Deferred revenue	5.18	6,428	8,565
Deferred tax liabilities	5.14	5,544	45,685
Other liabilities	5.15	38,145	39,940
Total non-current liabilities		**2,923,408**	**2,404,314**
Current liabilities:			
Loans and borrowings	5.12	40,319	32,434
Trade payables		109,341	82,186
Accrued expenses and other current liabilities	5.17	283,071	272,465
Deferred revenue	5.18	94,034	105,143
Derivative financial instruments	5.13	24,729	16,582
Current tax liability	5.14	306	65
Total current liabilities		**551,800**	**508,875**
Total liabilities		**3,475,208**	**2,913,189**
Total Equity and liabilities		**3,692,680**	**3,273,245**

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

2 Consolidated statement of comprehensive income

	Note	For the years ended December 31, 2010	2009
		(in thousands of euro, except per share data)	
Revenue	5.18	1,298,993	1,197,421
Cost of services provided	5.19	(735,781)	(688,891)
Gross profit		**563,212**	**508,530**
Selling, general and administrative expenses	5.19	(218,681)	(210,022)
Operating profit		**344,531**	**298,508**
Finance income		1,513	1,163
Net interest income and foreign exchange gain		1,513	1,163
Finance expense		(199,158)	(154,825)
Net interest expense and foreign exchange loss		(152,257)	(133,961)
Net loss on derivative financial instruments		(38,998)	(20,864)
Loss on extinguishment of debt		(7,903)	—
Net finance expenses	5.20	**(197,645)**	**(153,662)**
Share of the loss of equity accounted investees	5.21	(412)	(484)
Profit before income tax		146,474	144,362
Income tax benefit (expense)	5.22	(57,172)	88,728
Profit for the period		**89,302**	**233,090**
Other comprehensive income for the period, net of income tax		**—**	**—**
Total comprehensive income for the period, attributable to Owners of the Company		**89,302**	**233,090**
Earnings per share			
Basic earnings per share in €	5.23	0.80	2.09
Diluted earnings per share in €	5.23	0.79	2.08

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**	**Equity-based compensation reserve**	**Legal reserve**	**Other reserves**	**Retained loss**	**Total**	**Total equity**
January 1, 2009		**110,299,104**	**1,089,599**	**62,572**	**10,080**	**3**	**825,350**	**(1,817,442)**	**170,162**	**170,162**
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**233,090**	**233,090**	**233,090**
Profit for the period		—	—	—	—	—	—	233,090	233,090	233,090
Other comprehensive income		—	—	—	—	—	—	—	—	—
Transactions with owners, recorded directly in equity		**1,462,562**	**(47,787)**	**231**	**4,360**	**—**	**—**	**—**	**(43,196)**	**(43,196)**
Recognition of share-based compensation	5.11	—	—	—	5,067	—	—	—	5,067	5,067
Proceeds received upon exercise of Class A and Class B Options	5.11	—	—	—	6,903	—	—	—	6,903	6,903
Proceeds received upon exercise of 2007 warrants	5.11	49,311	460	231	—	—	—	—	691	691
Issuance of share capital via exchange of Class A and Class B Profit Certificates	5.11	1,413,251	7,610	—	(7,610)	—	—	—	—	—
Repayment of capital	5.11	—	(55,857)	—	—	—	—	—	(55,857)	(55,857)
December 31, 2009		**111,761,666**	**1,041,812**	**62,803**	**14,440**	**3**	**825,350**	**(1,584,352)**	**360,056**	**360,056**

		Attributable to equity holders of the Company								
(in thousands of euro, except share data)	**Note**	**Number of shares**	**Share capital**	**Share premium**	**Equity-based compensation reserve**	**Legal reserve**	**Other reserves**	**Retained loss**	**Total**	**Total equity**
January 1, 2010		**111,761,666**	**1,041,812**	**62,803**	**14,440**	**3**	**825,350**	**(1,584,352)**	**360,056**	**360,056**
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**64,795**	**—**	**24,507**	**89,302**	**89,302**
Profit for the period		—	—	—	—	64,795	—	24,507	89,302	89,302
Other comprehensive income		—	—	—	—	—	—	—	—	—
Transactions with owners, recorded directly in equity		**666,374**	**(244,462)**	**3,009**	**9,567**	**—**	**—**	**—**	**(231,886)**	**(231,886)**
Recognition of share-based compensation	5.11	—	—	—	9,787	—	—	—	9,787	9,787
Proceeds received upon exercise of Class B Options	5.11	—	—	—	800	—	—	—	800	800
Proceeds received upon exercise of 2007 bis Warrants	5.11	320,449	2,637	1,663	—	—	—	—	4,300	4,300
Proceeds received upon exercise of 2007 ter Warrants	5.11	10,546	83	58	—	—	—	—	141	141
Proceeds received upon exercise of 2007 quater Warrants	5.11	217,827	1,648	1,162	—	—	—	—	2,810	2,810
Proceeds received upon exercise of 2007 sexies Warrants	5.11	12,393	88	126	—	—	—	—	214	214
Issuance of share capital via exchange of Class B Profit Certificates	5.11	165,553	1,020	—	(1,020)	—	—	—	—	—
Conversion of Liquidation Dispreference shares into Ordinary Shares	5.11	(60,394)	—	—	—	—	—	—	—	—
Repayment of capital	5.11	—	(249,938)	—	—	—	—	—	(249,938)	(249,938)
December 31, 2010		**112,428,040**	**797,350**	**65,812**	**24,007**	**64,798**	**825,350**	**(1,559,845)**	**217,472**	**217,472**

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

4 Consolidated statement of cash flows

	Note	For the years ended December 31, 2010	2009
		(in thousands of euro)	
Cash flows provided by operating activities:			
Profit for the period		89,302	233,090
Adjustments for:			
Depreciation, amortisation and impairment	5.19	313,788	302,819
Losses (gains) on disposal of property and equipment and other intangible assets	5.19	46	(16)
Income tax expense (benefit)	5.22	57,172	(88,728)
Decrease in allowance for bad debt	5.7	(3,801)	(2,577)
Net interest income and foreign exchange gain	5.20	(1,513)	(1,163)
Net interest expense and foreign exchange loss	5.20	152,257	133,961
Net loss on derivative financial instruments	5.20	38,998	20,864
Loss on extinguishment of debt	5.20	7,903	—
Loss in equity-accounted investees	5.21	412	484
Share based payments	5.19	9,787	5,067
Change in:			
Trade receivables		(454)	(1,299)
Other assets		(17,173)	(13,784)
Deferred revenue		(13,596)	(24,478)
Trade payables		24,242	32,313
Other liabilities		(4,848)	(7,654)
Accrued expenses and other current liabilities		(11,710)	(33,700)
Cash provided by operations		**640,812**	**555,199**
Interest paid		(129,006)	(133,417)
Interest received		844	19,500
Income taxes received (paid)		358	(259)
Cash paid for derivatives	5.13	(12,940)	(2,583)
Cash received for derivatives	5.13	3,709	2,310
Net cash provided by operating activities		**503,777**	**440,750**
Cash flows used in investing activities:			
Purchases of property and equipment		(194,549)	(233,697)
Purchases of intangibles		(51,494)	(40,190)
Acquisitions of subsidiaries and affiliates, net of cash acquired	5.24	(2,315)	(6,410)
Proceeds from sale of property and equipment and other intangibles		315	743
Net cash used in investing activities		**(248,043)**	**(279,554)**
Cash flows provided by (used in) financing activities:			
Repayments of loans and borrowings	5.12	(208,811)	(85,000)
Proceeds from loans and borrowings	5.12	735,000	90,000
Payments of finance lease liabilities		(26,467)	(25,539)
Payments for debt issuance costs		(20,014)	(12,365)
Proceeds from exercise of options and warrants	5.11	8,264	7,594
Payments related to capital reductions	5.11	(249,834)	(55,818)
Net cash provided by (used in) financing activities		**238,138**	**(81,128)**
Net increase in cash and cash equivalents		**493,872**	**80,068**
Cash and cash equivalents:			
at January 1		145,709	65,641
at December 31		639,581	145,709

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

5 Notes to the consolidated financial statements for the year ended December 31, 2010

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 and its subsidiaries (hereafter collectively referred to as the "Company" or "Telenet"). Through its broadband network, Telenet Group Holding 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. Telenet Group Holding also offers mobile telephony services through an MVNO partnership with Mobistar. Telenet launched its Full-MVNO in the fourth quarter of 2010, for which it has undertaken the construction of certain proprietary mobile infrastructure, including a mobile switch, mobile rating and billing platform. Telenet Group Holding also entered into an agreement with Norkring België NV regarding the use of DTT spectrum over the latter's broadcasting network. This will enable Telenet Group Holding in the future to broadcast wireless television channels over the DTT spectrum. 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 the course of 2010 in order to structure Telenet Group Holding'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 ("IFRSs as adopted by the EU"). 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 Telenet Group Holding's functional currency.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs as adopted by the EU requires the use of certain critical accounting estimates and management judgment in the process of applying Telenet Group Holding'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 5.5: .... Goodwill
- Note 5.13: .... Derivative financial instruments
- Note 5.14: .... Deferred taxes
- Note 5.16: .... Employee benefit plans
- Note 5.24: .... Acquisitions of subsidiaries

5.1.5 Approval by board of directors

These consolidated financial statements were authorized for issue by the board of directors on March 29, 2011.

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 5.2.20, which addresses changes in accounting policies.

5.2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by Telenet Group Holding. Control exists when Telenet Group Holding 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 Telenet Group Holding 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 Telenet Group Holding. 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.

Special Purpose Entities (SPEs)

Telenet Group Holding has established special purpose entities (SPEs) for financing purposes. Telenet Group Holding 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 Telenet Group Holding and the SPE's risks and rewards, Telenet Group Holding concludes that it controls the SPE. SPEs controlled by Telenet Group Holding were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in Telenet Group Holding 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 Telenet Group Holding has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when Telenet Group Holding holds between 20 and 50 percent of the voting power of another entity.

Jointly controlled entities are those entities over whose activities Telenet Group Holding 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 Telenet Group Holding's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of Telenet Group Holding, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When Telenet Group Holding'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 Telenet Group Holding 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 Telenet Group Holding controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that Telenet Group Holding incurs and its share of the income that it earns from the joint operation.

5.2.2 Segment Reporting

Telenet determines and presents operating segments based on the information that is provided to and regularly reviewed by the CEO, who is the Group's chief operating decision maker ("CODM"), the Executive Team and the board of directors.

Operating segments are the individual operations that the CODM reviews for purposes of assessing performance and making resource allocation decisions.

The CEO, the Executive Team and the board of directors review and manage Telenet Group Holding's business and performance based on a "Product Profit and Loss Statement", which presents financial information up to a "Direct EBITDA contribution margin" and which are analyzed at least on a monthly basis. While directly attributable revenue and expenses are allocated to the separate product lines discussed in Note 5.18, capital expenditures, general and support expenses, depreciation expenses, finance income and expenses, taxes and other income and expenses are not allocated to specific products, markets or customers.

Telenet Group Holding is managed, its performance is assessed and resource allocations are made by the CODM as a single operation. Furthermore, Telenet's services are provided, both to Telenet Group Holding's residential and business customers, through one integrated network.

Telenet manages its operations as one geographical area, and has no individual customers that represent a significant portion of Telenet Group Holding's total revenues. Telenet has thus determined that its operations constitute one single operating 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 analogue 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.

Telenet Group Holding 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 Telenet Group Holding 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.

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 Telenet Group Holding, 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.

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 Telenet Group Holding'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"). Telenet Group Holding has determined that its long-lived intangible and tangible fixed assets constitute a single cash-generating unit for the purpose of impairment testing.

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 Goodwill

For acquisitions after January 1, 2010, the accounting policies have been amended, as disclosed in Note 5.2.18.

For acquisitions prior to January 1, 2010, goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over Telenet Group Holding's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Telenet Group Holding 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

Telenet Group Holding's functional and presentation currency is the euro ("€"), which is also the functional currency of each of Telenet Group Holding'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. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are included in profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity. In order to hedge its exposure to certain foreign exchange risks, Telenet Group Holding enters into forward contracts and options (see below for details of Telenet Group Holding'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 original maturities 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.

Telenet Group Holding 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

Telenet Group Holding's activities are exposed to changes in foreign currency exchange rates and interest rates.

Telenet Group Holding 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 Telenet Group Holding's policies approved by the board of directors, which provides written principles on the use of derivatives consistent with Telenet Group Holding's risk management strategy.

Telenet Group Holding has entered into various derivative instruments to manage interest rate and foreign currency exchange rates exposure.

Derivatives are measured at fair value.

Telenet Group Holding 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.

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 analogue 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.

Where consideration has been received or is separately receivable in respect of installation, such 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 Telenet Group Holding's network. These fees contribute to the cost Telenet Group Holding bears in respect of copyright fees paid to copyright collecting agencies for certain content provided by the public broadcasters and other copyright holders. Telenet Group Holding reports copyright fees collected from cable subscribers on a gross basis as a component of revenue due to the fact that Telenet Group Holding 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, Telenet Group Holding 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.

Customers are charged a termination fee when they cancel their subscription before the end of the contractual term. 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 decrease their service level. 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.

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. Telenet Group Holding 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 Telenet Group Holding's cable programming costs. Other direct costs include costs that Telenet Group Holding 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 Telenet Group Holding's broadband network and customer care costs necessary to maintain its customer base.

5.2.11 Provisions

Provisions are recognized when Telenet Group Holding has a present legal or constructive obligation as a result of a past event, it is probable that Telenet Group Holding will be required to settle that obligation and the amount can be reliably measured. Provisions are measured at Telenet Group Holding'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 Telenet Group Holding 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.

5.2.12 Leases

At inception of an arrangement, including arrangements that convey to Telenet Group Holding the right to use equipment, fibers or capacity for an agreed period of time in return for a series of payments, Telenet Group Holding 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 Telenet Group Holding the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, Telenet Group Holding 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 Telenet Group Holding'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 Telenet Group Holding. 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 Telenet Group Holding 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 Telenet Group Holding 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.

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

Telenet Group Holding 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 Telenet Group Holding 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 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 Telenet Group Holding, 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 Telenet Group Holding 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 Telenet Group Holding's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Other employee benefit obligations

Telenet Group Holding 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

Telenet Group Holding 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, Telenet Group Holding 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

Telenet Group Holding 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 Telenet Group Holding 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 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 Acquisition accounting

From 1 January 2010 Telenet Group Holding has applied IFRS 3 *Business Combinations* (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Telenet Group Holding. 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, Telenet Group Holding takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after 1 January 2010, Telenet Group Holding 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 Telenet Group Holding 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.

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of the acquisition over Telenet Group Holding's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in the statement of comprehensive income. Transaction costs, other than those associated with the issue of debt or equity securities, that Telenet Group Holding incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

5.2.19 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 Telenet Group Holding'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. In the context of subscriber acquisition costs, the key recognition criteria include the fact that Telenet Group Holding has the right to receive revenues from the contract, and the fact that it is probable that future economic benefits will arise from the contract. Generally, an intangible asset is only recognized to the extent that it arises from a fixed-term contract that requires a minimum consideration, or from an open-ended contract that includes a cancellation penalty that Telenet Group Holding would have the intent and ability to enforce.

Cash incentives given to customers are not viewed as subscriber acquisition costs, but are recognized as a deduction from revenue. Prior to the recognition in the statement of comprehensive income, Telenet Group Holding recognizes an asset related to such incentives only to the extent that the aforementioned key recognition criteria are met.

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. An asset is recognized in the statement of financial position under the same circumstances as described above for cash given to the customer. To the extent that the benefit in kind is a separate component of the arrangement, it will be recognized as a cost of sale when it is delivered.

5.2.20 New standards, interpretations, amendments and improvements

Standards, amendments and interpretations effective or early adopted in 2010

The following standards, amendments, interpretations and improvements are mandatory for the first time for the financial year beginning January 1, 2010:

> Amendment to IFRS 2 *Share-based Payment—Vesting Conditions and Cancellations* (effective for annual periods beginning on or after January 1, 2010). The amendments clarify the scope of IFRS2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Telenet Group Holding adopted the amendment as of January 1, 2010, with no material effect on its financial result or financial position.

IFRS 3 (Revised 2008) *Business Combinations* (effective from January 1, 2010) is applied prospectively to business combinations for which the acquisition date is on or after the date of adoption. It introduces several significant changes including the following changes that are likely to be relevant to Telenet Group Holding's operations:

- The definition of a business has been broadened which may result in more transactions being treated as business combinations.
- Costs incurred to effect a business combination, other than share or debt issue costs, are expensed in the period incurred.
- Contingent consideration is measured at fair value at the acquisition date and changes resulting from events after the acquisition date are recognized in the statement of comprehensive income.

Telenet Group Holding adopted the amendment as of January 1, 2010, with no material effect on its financial result or financial position.

IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* (effective from January 1, 2010) requires accounting for changes in ownership interests by Telenet Group Holding in a subsidiary, while maintaining control, to be recognized as an equity transaction. If Telenet Group Holding loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the statement of comprehensive income. Telenet Group Holding adopted the amendment as of January 1, 2010, with no material effect on its financial result or financial position.

Amendment to IAS 39 *Eligible Hedged Items* (effective for annual periods beginning on or after July 1, 2009). The amendments provide clarification on two aspects of hedge accounting:

- identifying inflation as a hedged risk or portion, and
- hedging with options.

Telenet Group Holding adopted the amendment as of January 1, 2010, with no material effect on its financial result or financial position.

IFRIC 17 *Distributions of Non-cash assets to Owners* (effective for annual periods beginning on or after July 1, 2009). The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

Telenet Group Holding adopted the amendment as of January 1, 2010, with no material effect on its financial result or financial position.

IFRIC 18 *Transfers of Assets from Customers* (effective for annual periods beginning on or after July 1, 2009). The interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit being recognized as revenue in accordance with IAS 18 Revenue.

Telenet Group Holding adopted the amendment as of January 1, 2010, with no material effect on its financial result or financial position.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by Telenet Group Holding

The following standards, amendments and interpretations to existing standards have been published and are mandatory for Telenet Group Holding's accounting periods beginning after January 1, 2010, or later periods, but Telenet Group Holding has not early adopted them:

IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1, 2013). The amendments deal with classification and measurement of financial assets and financial liabilities.

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

Amendment to IFRS 7—*Derecognition Disclosure Requirements* (effective for annual periods beginning on or after July 1, 2011). Amendments in disclosure requirements for transactions involving transfers of financial assets.

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

Amendment to IAS24 *Related Party Disclosure* (effective for annual periods beginning on or after January 1, 2011). This pronouncement amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

Amendment to IAS32 *Financial Instruments : Presentation* (effective for annual periods beginning on or after February 1, 2010) Amendments relating to classification of rights issues.

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

Amendments to IFRIC 14: *IAS 19—The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction* remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. The amendments become mandatory for Telenet Group Holding's 2011 consolidated financial statements.

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after July 1, 2010).

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

Improvements to IFRSs 2010 is a collection of minor improvements to existing standards. This collection becomes mandatory for Telenet Group Holding's 2011 consolidated financial statements.

The adoption is not expected to have a material impact on Telenet Group Holding's financial result or financial position.

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 Telenet Group Holding in relation to lending, hedging, settlement and other financial activities. Telenet Group Holding 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, Telenet Group Holding has no significant concentration of credit risk. The risk of material loss from non-performance from these customers is not considered likely. Telenet Group Holding 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, Telenet Group Holding maintains credit risk policies with regard to its counterparties to minimize overall credit risk. These policies include an evaluation of a potential counterparty's financial condition, credit rating and other credit criteria and risk mitigation tools as deemed appropriate. Telenet Group Holding 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, Telenet Group Holding enters into derivative transactions with a portfolio of financial institutions. Likewise, cash equivalents, certificates of deposit and money market funds are placed with highly rated financial institutions.

Quantitative disclosures

Telenet Group Holding considers its maximum exposure to credit risk to be as follows:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Cash and cash equivalents (including commercial paper/certificates of deposit)	639,581	145,709
Trade receivables	86,956	84,211
Derivative financial instruments	5,033	9,414
Outstanding guarantees to third parties for own liabilities (cash paid)	1,921	1,741
Total	**733,491**	**241,075**

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

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 Telenet Group Holding'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 Telenet Group Holding anticipates generating positive cash flow after deducting interest and taxes, Telenet Group Holding cannot assure that this will be the case. Telenet Group Holding 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 Telenet Group Holding'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 Telenet Group Holding'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 2010, Telenet Group Holding launched a voluntary exchange process for certain term loans under its €2,300 million Senior Credit Facility. Existing lenders in Facilities A, B1, B2A, C, D and E1 had the opportunity to exchange their existing participations and commitments with participations and commitments in a new Facility G under the Senior Credit Facility with an extended maturity on July, 2017 at improved economics. The exchange process resulted in the extension of the average maturity of its term debt. At the same time, Telenet consolidated its financing arrangements in Telenet International Finance S.à r.l., incorporated in Luxembourg, in order to ensure a more efficient management of the financing structure of the Group. As a result, pursuant to various additional facility accession agreements, existing Facilities with Telenet NV as borrower have been novated to the new Facilities F, G, H, I, J, K, L1 and L2 with Telenet International Finance S.à r.l. as borrower but with identical conditions.

Subsequently, Telenet Group Holding issued additional Facilities M and N. The proceeds were borrowed from Telenet Finance Luxembourg S.C.A. and Telenet Finance Luxembourg II S.A., respectively and were used to redeem Facilities H, I and L2.

Telenet Group Holding has access to undrawn facilities under the 2010 Amended Senior Credit Facility. As of December 31, 2010, €175.0 million under the revolving credit facility (€175.0 million as of December 31, 2009) was available to Telenet Group Holding subject to it 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 Telenet Group Holding.

In order to hedge its exposure to floating rate debt, Telenet Group Holding concluded interest rate cap, collar and swap contracts for a total nominal amount at December 31, 2010, of €3.3 billion.

Telenet Group Holding 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 Telenet Group Holding 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 Telenet Group Holding has sufficient excess liquidity to ensure that Telenet Group Holding can meet its non-discretionary financial obligations in the event of unexpected business disruption;
- ensure compliance with borrowing facilities covenants and undertakings.

A minimum liquidity buffer of cash and cash equivalents is maintained in order to meet unforeseen cash expenses. Telenet Group Holding'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

Telenet Group Holding's aggregate contractual obligations as at December 31, 2010 and 2009 were as follows:

		Payments due by period (in thousands of euro)					
Situation as per December 31, 2010 **Contractual obligations**	**Total**	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Long term debt[1]	3,713,874	123,100	123,336	123,100	281,100	397,156	2,666,082
Finance lease obligations[1]	472,862	50,482	48,825	46,065	44,739	40,890	241,861
Operating lease obligations	50,572	21,363	10,160	7,670	4,445	3,128	3,806
Other contractual obligations[2]	1,239,816	96,512	89,241	63,099	40,877	37,469	912,618
Interest Rate Derivatives	189,288	29,190	37,454	32,035	32,035	29,127	29,447
Foreign Exchange Derivatives[3]	12,000	10,000	2,000	—	—	—	—
Accrued expenses and other current liabilities[4]	217,941	217,941	—	—	—	—	—
Trade payables	109,341	109,341	—	—	—	—	—
Total contractual obligations	**6,005,694**	**657,929**	**311,016**	**271,969**	**403,196**	**507,770**	**3,853,814**

		Payments due by period (in thousands of euro)					
Situation as per December 31, 2009 **Contractual obligations**	**Total**	**Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Long term debt[1]	2,845,646	78,036	78,036	154,946	120,872	549,766	1,863,990
Finance lease obligations[1]	442,726	45,553	43,252	41,752	39,161	38,009	234,999
Operating lease obligations	39,396	12,237	7,990	6,326	5,477	4,166	3,200
Other contractual obligations[2]	1,187,863	74,357	68,344	56,965	41,352	30,714	916,131
Interest Rate Derivatives	152,713	18,474	26,000	32,047	23,009	23,009	30,174
Foreign Exchange Derivatives[3]	9,000	9,000	—	—	—	—	—
Accrued expenses and other current liabilities[4]	269,620	269,620	—	—	—	—	—
Trade payables	82,186	82,186	—	—	—	—	—
Total contractual obligations	**5,029,150**	**589,463**	**223,622**	**292,036**	**229,871**	**645,664**	**3,048,494**

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 5.12.6) as well as commitments related to certain programming and purchase agreements.

3 Gross cash outflows arising from foreign exchange forward contracts disclosed in the table above will be accompanied by a related US Dollar denominated inflow.

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

Telenet Group Holding is exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the US dollar and euro, and Telenet Group Holding 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

Telenet Group Holding 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.

Telenet Group Holding's functional currency is the euro. However, Telenet Group Holding conducts, and will continue to conduct, transactions in currencies other than the euro, particularly the US dollar. Less than 5% of Telenet Group Holding'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. Telenet Group Holding 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 Telenet Group Holding'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.

Telenet Group Holding 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. Telenet Group Holding 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 Telenet Group Holding 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 Telenet Group Holding's financial condition and results of operations.

As referred to above, the outstanding forward foreign exchange derivatives as of December 31, 2010 and 2009, are disclosed in more detail in Note 5.13 to the consolidated financial statements of Telenet Group Holding.

Qualitative disclosures on interest rate risk

Telenet Group Holding is mainly exposed to interest rate risk arising from borrowings at floating interest rates, interest bearing investments and finance leases. The risk is managed by maintaining an appropriate mix of interest rate swap contracts, interest rate cap contracts and interest rate collar contracts.

Telenet Group Holding 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 hedging 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, 2010, Telenet Group Holding held total debt of €2,878 million, of which €1,916 million was owed under its 2010 Amended Senior Credit Facility, €600 million was related to the Notes issued in 2010 and the remainder primarily represented the capital lease associated with the Interkabel Acquisition. During 2010, Telenet continued to improve its debt repayment profile at attractive rates therefore reducing future refinancing risk. Telenet Group Holding's average maturity under the 2010 Amended Senior Credit Facility improved to 6.8 years at the end of 2010 from 5.4 years following a voluntary exchange offer in September 2010 and the issuance of two additional Term Loans in 2010 with longer maturities. On November 3, 2010, Telenet Group Holding issued a €500 million Facility M maturing in November 2020, and on November 26, 2010, Telenet Group Holding issued another Facility N of €100 million with maturity in November 2016, each following the offering of Senior Secured Notes by independent financing companies that Telenet Group Holding consolidates. The net proceeds from these offerings were partially used to prepay a portion of the outstanding Term Loans under the 2010 Amended Senior Credit Facility for an aggregate €201.7 million.

On December 31, 2010, fixed interest rates applied to 32.36% of the total financial debt (2009: 11.15%).

Based on its internal policy on financial risk management, Telenet Group Holding wishes to hedge at least 80% of its floating interest rate risk.

As referred to above, the outstanding interest rate derivatives as of December 31, 2010 and 2009, are disclosed in more detail in Note 5.13 to the consolidated financial statements of Telenet Group Holding.

Quantitative disclosures

Interest rate sensitivity testing

For financial instruments held, Telenet Group Holding has used a sensitivity analysis technique that measures the change in the fair value and cash flows of Telenet Group Holding's financial instruments for hypothetical changes in the relevant base rate applicable at year-end, holding all other factors constant. The sensitivity of profit or loss and equity due to changes in the relevant risk variables as at December 31, 2010 and 2009, are set out in the table below. The estimated change in fair values for changes in market interest rates are based on an instantaneous increase or decrease of 25 basis points at the reporting date, with all other variables remaining constant.

The sensitivity analysis is for illustrative purposes only—in practice, market rates rarely change in isolation and are likely to be interdependent. The positive (negative) pre-tax impacts on our results of changes in the relevant risk variables for the years 2010 and 2009 can be summarized as follows:

	2010		2009	
(in thousands of euro)	+0.25%	-0.25%	+0.25%	-0.25%
Interest				
Senior Credit Facility	(5,081)	5,081	(4,907)	4,907
Finance leases	(35)	35	(40)	40
Interest rate derivatives	1,460	(1,810)	1,882	(1,882)
	(3,656)	**3,306**	**(3,065)**	**3,065**
Changes in fair value				
Swaps	10,816	(10,816)	10,882	(10,882)
Caps	771	(527)	2,807	(2,396)
Collars	8,830	(9,693)	232	(264)
	20,417	**(21,036)**	**13,920**	**(13,542)**
Total	**16,761**	**(17,730)**	**10,855**	**(10,478)**

If interest rates had been 25 basis points higher and all other variables were held constant, this would have had a positive effect on the results of Telenet Group Holding for 2010 of €16.8 million (2009: €10.9 million). This is mainly attributable to the change in fair value of the interest rate swap contracts. The analysis is prepared assuming that the amounts of interest rate derivatives at year end 2010 were outstanding for the whole year.

If interest rates had been 25 basis points lower and all other variables were held constant, Telenet Group Holding's results would have been impacted in 2010 in a negative way for an amount of €17.7 million (2009: €10.5 million).

The following table summarizes Telenet Group Holding's interest obligations under the outstanding indebtedness, which carries a floating rate of interest. 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.

Situation as per December 31, 2010 +0.25% (in thousands of euro)	**Interest payments due by period Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Amended SCF Term Loan G	71,610	71,807	71,610	71,610	71,610	105,469
Amended SCF Term Loan J	3,056	3,065	3,056	3,056	2,286	—
Amended SCF Term Loan K	6,493	6,510	6,493	6,493	—	—
Amended SCF Term Loan L1	9,623	9,649	9,623	9,623	2,373	—
Finance Lease	181	147	108	64	31	31
Interest Derivatives	24,241	31,895	27,093	27,093	24,472	23,425
Total	**115,204**	**123,073**	**117,983**	**117,939**	**100,772**	**128,925**

Situation as per December 31, 2010 -0.25% (in thousands of euro)	**Interest payments due by period Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Amended SCF Term Loan G	64,156	64,331	64,156	64,156	64,156	96,146
Amended SCF Term Loan J	2,654	2,662	2,654	2,654	1,985	—
Amended SCF Term Loan K	5,692	5,707	5,692	5,692	—	—
Amended SCF Term Loan L1	8,566	8,590	8,566	8,566	2,112	—
Finance Lease	122	99	72	43	21	21
Interest Derivatives	34,138	43,013	36,978	36,978	33,782	35,470
Total	**115,328**	**124,402**	**118,118**	**118,089**	**102,056**	**131,637**

Situation as per December 31, 2009 +0.25% (in thousands of euro)	**Interest payments due by period Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Amended SCF Term Loan A	2,328	2,328	1,748	—	—	—
Amended SCF Term Loan B1	2,255	2,255	2,261	1,125	185	—
Amended SCF Term Loan C	2,932	2,932	2,940	2,932	2,932	2,193
Amended SCF Term Loan D	17,091	17,091	17,137	17,091	17,091	—
Amended SCF Term Loan E1	14,065	14,065	14,103	14,065	14,065	3,468
Amended SCF Term Loan F	44,410	44,410	44,531	44,410	44,410	122,157
Finance Lease	1,405	1,289	1,172	1,049	924	3,717
Interest Derivatives	17,143	23,967	29,411	20,981	20,981	27,514
Total	**101,628**	**108,336**	**113,304**	**101,652**	**100,588**	**159,049**

Situation as per December 31, 2009 -0.25% (in thousands of euro)	**Interest payments due by period Less than 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**After 5 years**
Amended SCF Term Loan A	1,937	1,937	1,454	—	—	—
Amended SCF Term Loan B1	1,905	1,905	1,911	950	157	—
Amended SCF Term Loan C	2,510	2,510	2,517	2,510	2,510	1,877
Amended SCF Term Loan D	14,795	14,795	14,836	14,795	14,795	—
Amended SCF Term Loan E1	12,399	12,399	12,433	12,399	12,399	3,057
Amended SCF Term Loan F	39,445	39,445	39,554	39,445	39,445	108,502
Finance Lease	1,335	1,229	1,124	1,014	903	3,697
Interest Derivatives	19,804	28,034	34,684	25,037	25,037	32,834
Total	**94,131**	**102,255**	**108,511**	**96,151**	**95,246**	**149,967**

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Telenet Group Holding does not currently have any obligation to prepay 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 Telenet Group Holding would be required to refinance such debt.

Foreign currency sensitivity testing

Telenet Group Holding is mainly exposed to market risks relating to fluctuations in foreign exchange rates between the US dollar and euro.

The following table details Telenet Group Holding's sensitivity to a 10% increase and decrease of the relevant foreign exchange rate. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes the effect on our US dollar denominated costs and expenses (primarily the costs of network hardware equipment, software and premium cable television rights) and forward foreign exchange contracts.

December 31, 2010	Foreign currency	Amount in foreign currency	Impact in thousands of euro			
			10% increase		10% decrease	
Trade payables	USD	14,616	(1,215)	*On P&L*	994	*On P&L*
	GBP	17	(2)	*On P&L*	2	*On P&L*

December 31, 2009	Foreign currency	Amount in foreign currency	Impact in thousands of euro			
			10% increase		10% decrease	
Trade payables	USD	3,469	(269)	*On P&L*	220	*On P&L*
	GBP	18	(2)	*On P&L*	2	*On P&L*

5.3.4 Capital Risk

Telenet Group Holding manages its capital to ensure that Telenet Group Holding's entities 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, Telenet Group Holding may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Telenet Group Holding monitors capital on the basis of the leverage ratio. The drawn amount of the 2010 Amended Senior Credit Facility (see Note 5.12 to the consolidated financial statements of Telenet Group Holding) represents a net leverage ratio of 2.8x EBITDA and is calculated as per terms of the Senior Credit Facility, using the previous two quarters' EBITDA. Within the 2010 Amended Senior Credit Facility, Telenet Group Holding has access to an additional committed loan capacity of €175.0 million, subject to compliance with applicable covenants, composing the Revolving Facility which are available to be drawn up to and including June 30, 2014. In June 2010, Telenet drew €135.0 million from the available Facilities B2A and E2.

5.3.5 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, 2010 Carrying amount	December 31, 2010 Fair value	December 31, 2009 Carrying amount (as re-presented)	December 31, 2009 Fair value
Assets					
Assets carried at fair value					
Derivative financial assets	5.13	5,033	5,033	9,414	9,414
Cash and cash equivalents (e.g. Money market funds)	5.10	541,940	541,940	105,506	105,506
Total assets carried at fair value		546,973	546,973	114,920	114,920
Assets carried at amortised cost					
Trade receivables	5.7	79,826	79,826	73,281	73,281
Other assets	5.8	54,956	54,956	36,779	36,779
Cash and cash equivalents	5.10	97,641	97,641	40,203	40,203
Total assets carried at amortised cost		232,423	232,423	150,263	150,263
Liabilities					
Liabilities carried at fair value					
Derivative financial liabilities	5.13	60,643	60,643	35,168	35,168
Liabilities carried at amortised cost					
Loans, borrowings and finance lease liabilities	5.12				
—Amended Senior Credit Facility		1,866,841	1,918,911	1,990,449	1,952,122
—Senior Secured Notes		605,562	613,312	—	—
—Deferred Financing Fees		(49,638)	(49,638)	(42,178)	(42,178)
—Finance lease obligations		340,125	330,785	315,642	298,001
—Clientele fee > 20 years		65,137	74,093	60,059	70,248
—Other bank loans		31	31	—	—
Trade payables		109,341	109,341	82,186	82,186
Other liabilities	5.15 5.17	270,549	270,549	267,971	267,971
Total liabilities carried at amortised cost		3,207,948	3,267,384	2,674,129	2,628,350

5.3.6 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).

(in thousands of euro)	December 31, 2010 Level 1	December 31, 2010 Level2	December 31, 2010 Level 3	December 31, 2009 Level 1	December 31, 2009 Level 2	December 31, 2009 Level 3
Assets						
Derivative financial assets	—	5,033	—	—	9,414	—
Cash and cash equivalents (e.g. Money market funds)	541,940	—	—	105,506	—	—
Total financial assets carried at Fair value	541,940	5,033	—	105,506	9,414	—
Liabilities						
Derivative financial liabilities	—	60,643	—	—	35,168	—
Total financial liabilities carried at Fair value	—	60,643	—	—	35,168	—

The fair value of the interest rate derivatives is calculated by Telenet Group Holding based on swap curves flat, taking into account the credit risk of both Telenet Group Holding and the respective counterparties to the instruments. Telenet Group Holding 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, 2010 no financial assets or liabilities have been transferred from one level to another level.

5.4 PROPERTY AND EQUIPMENT

(in thousands of euro)	Note	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Total
Cost						
At January 1, 2009		**93,223**	**2,324,156**	**33,992**	**47,985**	**2,499,356**
Acquisition of subsidiaries	5.24	1,512	—	—	121	1,633
Additions		2,332	93,762	170,891	596	267,581
Transfers		3,966	141,206	(151,731)	6,559	—
Disposals		(793)	(2,052)	—	(1,109)	(3,954)
At December 31, 2009		**100,240**	**2,557,072**	**53,152**	**54,152**	**2,764,616**
Acquisition of subsidiaries	5.24	65	—	—	100	165
Additions		322	20,006	216,233	467	237,028
Transfers		2,981	193,988	(189,977)	2,708	9,700
Disposals		(393)	(1,881)	—	(132)	(2,406)
At December 31, 2010		**103,215**	**2,769,185**	**79,408**	**57,295**	**3,009,103**
Accumulated Depreciation						
At January 1, 2009		**14,845**	**1,162,996**	**—**	**35,387**	**1,213,228**
Depreciation charge for the year		5,153	227,178	—	5,784	238,115
Eliminated on disposal		(151)	(1,102)	—	(442)	(1,695)
At December 31, 2009		**19,847**	**1,389,072**	**—**	**40,729**	**1,449,648**
Depreciation charge for the year		5,255	235,683	—	5,533	246,471
Transfer		—	4,157	—	—	4,157
Eliminated on disposal		(393)	(852)	—	(130)	(1,375)
At December 31, 2010		**24,709**	**1,628,060**	**—**	**46,132**	**1,698,901**
Carrying Amount						
At December 31, 2010		78,506	1,141,125	79,408	11,163	1,310,202
At December 31, 2009		80,393	1,168,000	53,152	13,423	1,314,968
Carrying Amount of Finance Leases included in Property and Equipment						
At December 31, 2010		37,786	229,958	—	34	267,778
At December 31, 2009		40,480	248,461	—	154	289,095

For information regarding finance lease obligations, see Note 5.12.6 to the consolidated financial statements of Telenet Group Holding.

Detailed information with respect to the acquisition of subsidiaries is disclosed in Note 5.24.

Telenet Group Holding capitalized borrowing costs, primarily related to the construction of Telenet's proprietary mobile telephony infrastructure in the amount of €0.4 million (2009: nil), with a capitalization rate of 3.9% (2009: not applicable).

For information regarding assets pledged as security, refer to Note 5.12.5.

5.5 GOODWILL

Telenet Group Holding performed its annual review for impairment during the third quarters of 2010 and 2009. Goodwill was allocated to one reporting unit. The recoverable amount of the reporting unit was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of the reporting unit. Value in use in 2010 was determined in a similar manner as in 2009. 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, Telenet Group Holding's Long Range Plan through 2015, and a pre-tax discount rate of 10.6% (In 2009 a post-tax discount rate was used of 9.0%)

based on current market assessments of the time value of money and the risks specific to Telenet Group Holding. Cash flows beyond the five-year period have been extrapolated using a steady 2% growth rate based on historical known data (2009: 2%). This growth rate does not exceed the long-term average growth rate for the industry. Management believes that any reasonably possible changes in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

A reconciliation of the changes in goodwill is depicted below:

(in thousands of euro)	Note	
January 1, 2010		**1,240,376**
Acquisition of subsidiaries		
—C-CURE NV	5.24	2,598
Retrospective adjustment to allocation of purchase price		
—BelCompany	5.24	(900)
Other adjustments to goodwill		
—BelCompany	5.24	(276)
December 31, 2010		**1,241,798**

For detailed information regarding the acquisitions of subsidiaries in 2010, see Note 5.24 to the consolidated financial statements of Telenet Group Holding.

5.6 OTHER INTANGIBLE ASSETS

(in thousands of euro)	Note	Network user rights	Trade name	Software	Customer relationships	Other	Total
Cost							
At January 1, 2009		**9,700**	**121,000**	**175,062**	**227,963**	**36,340**	**570,065**
Additions		255	—	32,546	65	17,153	50,019
Disposals		(255)	—	(40)	—	(10,891)	(11,186)
At December 31, 2009		**9,700**	**121,000**	**207,568**	**228,028**	**42,602**	**608,898**
Acquisition of subsidiary	5.24	—	514	—	1,050	—	1,564
Additions		31,102	—	44,046	—	4,108	79,256
Transfers		(9,700)	—	—	—	—	(9,700)
Disposals		(255)	—	—	—	(10,141)	(10,396)
At December 31, 2010		**30,847**	**121,514**	**251,614**	**229,078**	**36,569**	**669,622**
Accumulated Amortisation							
At January 1, 2009		**2,136**	**62,517**	**121,545**	**50,683**	**10,646**	**247,527**
Charge of the year		1,323	8,067	26,955	19,161	8,373	63,879
Disposals		(255)	—	(7)	—	(10,891)	(11,153)
At December 31, 2009		**3,204**	**70,584**	**148,493**	**69,844**	**8,128**	**300,253**
Charge of the year		1,806	8,379	29,470	20,741	6,921	67,317
Transfers		(4,157)	—	—	—	—	(4,157)
Disposals		(255)	—	—	—	(7,095)	(7,350)
At December 31, 2010		**598**	**78,963**	**177,963**	**90,585**	**7,954**	**356,063**
Carrying Amount							
At December 31, 2010		30,249	42,551	73,651	138,493	28,615	313,559
At December 31, 2009		6,496	50,416	59,075	158,184	34,474	308,645

Telenet Group Holding'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.

Telenet Group Holding evaluates the estimated useful lives of its finite intangible assets each reporting period to determine whether events or circumstances warrant revised estimates of useful lives.

For information regarding finance leases of intangible assets, see Note 5.12.6 to the consolidated financial statements of Telenet Group Holding.

5.7 TRADE RECEIVABLES

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Trade receivables	86,956	84,211
Less: provision for impairment of trade receivables	(7,130)	(10,930)
Trade receivables, net	**79,826**	**73,281**

At December 31, 2010 and 2009, respectively, the ageing of our 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, 2010	29,382	24,879	9,013	3,629	2,929	17,124	**86,956**
December 31, 2009	28,287	27,475	6,871	4,287	1,813	15,478	**84,211**

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 Telenet Group Holding's accounting policies and based on historical experience, trade receivables that are less than four months past due are not considered impaired. At December 31, 2010 a total amount of €40.5 million (2009: €40.4 million) was due but not impaired. With respect to these trade receivables, there are no indications that the debtors will not meet their payment obligations.

Outstanding trade receivables due for more than 120 days are considered as potentially impaired and are subject to detailed analysis at customer level, and a provision for impairment of trade receivables is established based upon objective evidence that Telenet Group Holding 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, the receivables more than 120 days 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 accounted for at 100%.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Telenet Group Holding 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 allowance on trade receivables:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Allowance at the beginning of the year	(10,930)	(13,507)
Additions	(6,190)	(6,062)
Write-offs	9,990	8,639
Allowance at the end of the year	**(7,130)**	**(10,930)**

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. The loss on impairment on trade receivables has been included in cost of services provided in the consolidated statement of comprehensive income. Telenet Group Holding does not hold any receivables in foreign currency.

5.8 OTHER ASSETS

5.8.1 Non-current

	Note	December 31, 2010	December 31, 2009
		(in thousands of euro)	
Outstanding guarantees to third parties for own liabilities (cash paid)		1,921	1,741
Funding of post retirement obligation	5.16	2,913	3,857
Other		101	2
Other non-current assets		**4,935**	**5,600**

5.8.2 Current

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Recoverable withholding taxes	103	529
Recoverable VAT	3	3
Prepaid content	5,684	4,125
Prepayments	6,191	7,630
Unbilled revenue	52,118	34,982
Other	917	56
Other current assets	**65,016**	**47,325**

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

5.9 INVENTORIES

As of December 31, 2010 inventories amounted to €12.6 million (2009: €11.3 million) and consisted mainly of handsets as well as wireless modems, HD Digiboxes and powerline adaptors. The increase compared to end 2009 of € 1.3 million is mainly due to an increase in the handsets inventory (€4.0 million) and a decrease in the wireless modems (€-1.4 million) and HD Digiboxes (€-1.2 million) inventory.

In 2010 the write-downs of inventories to net realizable value amounted to €0.5 million (2009: €2.1 million).

The decrease versus the prior year is mainly attributable to the sale of SD Digiboxes (€-1.2 million) since the prior year-end.

5.10 CASH AND CASH EQUIVALENTS

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Cash at bank and on hand	72,031	16,103
Certificates of deposits	25,610	24,100
Money Market Funds	541,940	105,506
Total cash and cash equivalents	**639,581**	**145,709**

On December 31, 2010, the certificates of deposits had a weighted average interest rate of 0.47% (2009: 0.24%) and an average maturity of 13 days (2009: 4.2 days). Cash and cash equivalents are placed with highly rated financial institutions in order to minimize the overall credit risk.

The short-term investments at December 31, 2010 and 2009 were done in compliance with Telenet Group Holding's Risk Management policies.

5.11 SHAREHOLDERS' EQUITY

5.11.1 Shareholders' equity

On December 31, 2010 Telenet Group Holding NV had the following shares outstanding, all of which are treated as one class in the earnings (loss) per share calculation:

- 112,333,167 ordinary shares (2009: 110,096,549 shares);
- 94,843 Liquidation Dispreference Shares (2009: 1,665,087 shares), held by Interkabel and the Liberty Global Consortium, 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 exceeded €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 (2009: 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 our offering of digital television.

As of December 31, 2010, share capital amounted to €797.3 million (2009: €1,042 million).

Capital reductions

On August 17, 2007, the extraordinary shareholders' meeting of Telenet Group Holding NV approved a capital reduction of €6.00 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 November 16, 2007 with the payment of €655.9 million made in 2007, €0.7 million in 2008, €0.1 million in 2009 and €0.1 million in 2010. No changes to the outstanding number of shares occurred as result of this transaction.

On May 28, 2009, the extraordinary shareholders' meeting of Telenet Group Holding NV approved a capital reduction of €0.50 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 31, 2009 with the payment of €55.7 million made in 2009 and €0.1 million in 2010. No changes to the outstanding number of shares occurred as result of this transaction.

On April 28, 2010, the extraordinary shareholders' meeting of Telenet Group Holding NV approved a capital reduction of €2.23 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 2, 2010 with the payment of €249.7 million made in 2010. No changes to the outstanding number of shares occurred as result of this transaction.

5.11.2 Employee share based compensation

Class A and class B options

In August 2004, Telenet Group Holding 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.

In December 2004, Telenet Group Holding offered 1,251,000 of the 1,350,000 authorized Class B Options to certain members of management to subscribe to 1,251,000 Class B Profit Certificates ("Class B Options"). Of the 1,251,000 Class B Options offered by Telenet Group Holding, 1,083,000 were accepted in February 2005. The remaining 267,000 Class B Options were cancelled. Except for 105,375 Class B Options that vested immediately upon grant, the Class B Options vested over 4 years and could be exercised through December 2009, prior to the extension in 2009 with an additional three years, as approved by the extraordinary shareholders' meeting of May 28, 2009.

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

The Class A and Class B Profit Certificates are exchangeable into shares of Telenet Group Holding on a one for one basis, subject to certain conditions being met. Upon exercise, these profit certificates give the holders the right to receive dividends equal to dividends distributed, if any, to the holders of Telenet Group Holding's shares.

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

The extraordinary shareholders' meeting of December 27, 2007 decided to issue 3,300,000 warrants ("Warrant Plan 2007" or "ESOP 2007"). The above mentioned warrants can be granted to employees of Telenet Group Holding NV and its affiliates and to the CEO.

The board of directors authorized three separate grants of warrants under the Warrant Plan 2007 during 2008 (ESOP 2007, ESOP 2007bis and ESOP 2007ter). In 2009, the board of directors authorized three new separate grants:

- to employees on June 30, 2009 (ESOP 2007quater);
- to the CEO of the Telenet Group on December 4, 2009 (ESOP 2007quinquies); and
- to employees on December 18, 2009 (ESOP 2007sexies).

In 2010, the board of directors authorized one last grant, on September 28 (ESOP 2007septies), granting all remaining warrants under the Warrant Plan 2007 to certain employees.

The extraordinary shareholders' meeting of May 29, 2008 decided to issue 317,000 warrants ("Warrant Plan 2008" or "ESOP 2008") to the CEO.

The extraordinary shareholders' meeting of May 28, 2009 decided to issue 180,000 warrants ("Warrant Plan 2009" or "ESOP 2009") to the CEO.

Warrant Plan 2010

The extraordinary shareholders' meeting of April 28, 2010 decided to issue 2,800,000 warrants ("Warrant Plan 2010" or "ESOP 2010"). These warrants can be granted to employees of Telenet Group Holding NV and its affiliates. Each warrant entitles the holder thereof to subscribe to one new share to be issued by Telenet Group Holding.

On September 28, 2010, the board of directors authorized a first grant of warrants under the Warrant Plan 2010 (ESOP 2010primo) to certain beneficiaries.

On December 10, 2010 Telenet Group Holding offered a second tranche of warrants to certain key management personnel (ESOP 2010bis). The acceptance period of this last offer ended on January 24, 2011. Compensation expense related to this grant will be recognized as from the first quarter of 2011.

Under Warrant Plan 2007, Warrant Plan 2008, Warrant Plan 2009 and Warrant Plan 2010, 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 Telenet Group Holding.

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 Telenet Group Holding one existing share of Telenet Group Holding.

The board of directors has granted a power of attorney to Frank Donck (Chairman of the board of directors) and Alex Brabers (Chairman of the Audit Committee) to decide on the effective grant of the options under the SSOP 2010-2014 to Duco Sickinghe (CEO of the Telenet group) in accordance with the terms and conditions of the SSOP 2010-2014, at any time between April 28, 2010 and December 31, 2010. On March 24, 2010, the Remuneration Committee determined the performance criteria to be taken into account for the vesting of the first tranche of options under the SSOP 2010-2014.

On April 28, 2010, the extraordinary general shareholder's meeting of Telenet Group Holding approved certain terms and conditions of the SSOP 2010-2014.

The grant of the special stock option plan to the CEO for 850,000 stock options was authorized September 4, 2010. In October 2010, the first 250,000 stock options were granted with an exercise price of

€23.00 per option to the Chief Executive Officer under this plan. The vesting of these options is contingent upon the achievement of certain performance criteria, including the achievement of a minimum level of EBITDA (as defined by the Specific Stock Option Plan 2010-2014) during 2010. The Remuneration Committee, in consultation with the CEO, determines for each installment the performance criteria and it is the Remuneration Committee that decides whether they all have been met. As the applicable performance criteria have been achieved for 2010, these 250,000 options vested on March 1, 2011.

On February 23, 2011 the Remuneration Committee, in consultation with the CEO, has determined the performance criteria for a second tranche of 200,000 options under the SSOP 2010-2014, and therefore the grant of these options occurred on that date.

Subject to the determination of appropriate performance criteria by the Remuneration Committee, Telenet Group Holding has also agreed to grant additional stock options to its Chief Executive Officer as follows:

- 200,000 options with an exercise price of €25.00 per option that, subject to achievement of relevant performance criteria for the year 2012, will vest on March 1, 2013, and
- 200,000 options with an exercise price of €26.00 per option that, subject to achievement of relevant performance criteria for the year 2013, 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 of the options granted, or to be granted under the Telenet Specific Stock Option Plan 2010-2014 have an expiration date of September 4, 2017.

For accounting purposes, the grant dates of the above mentioned grants were defined as respectively:

	Fair Value at grant date	Grant Date	Number of warrants granted	Number of Warrants accepted
Warrant Plan 2007 warrants	3.83	January 27, 2008	55,000	27,500
Warrant Plan 2007 bis warrants	2.79-4.34	April 19, 2008	1,294,000	1,058,600
Warrant Plan 2007 ter warrants	3.15-4.62	September 25, 2008	63,000	43,000
Warrant Plan 2007 quater warrants	4.91-5.93	July 30, 2009	1,298,000	1,236,000
Warrant Plan 2007 quinquies warrants	5.24-6.26	January 3, 2010	155,000	155,000
Warrant Plan 2007 sexies warrants	6.10-7.15	January 17, 2010	117,500	93,000
Warrant Plan 2007 septies warrants	10.04-11.72	November 12, 2010	189,900	189,900
Warrant Plan 2008 warrants	3.02-4.78	May 29, 2008	317,000	317,000
Warrant Plan 2009 warrants	2.86-3.97	June 26, 2009	180,000	180,000
Warrant Plan 2010 primo warrants	10.04-11.72	November 12, 2010	1,147,600	1,006,700
Warrant Plan 2010 bis warrants	8.04-10.43	January 24, 2011	70,500	50,500

	Fair Value at grant date	Grant Date	Number of options granted	Number of options accepted
Specific Stock Option Plan 2010-2014	10.18	October 3, 2010	250,000	250,000
"	15.31	February 23, 2011	200,000	200,000
"			200,000	200,000
"			200,000	200,000

The fair values of the warrants and the stock options granted during 2010, 2009, 2008 and 2007 were determined using the Black-Scholes option-pricing model with the following assumptions:

	Share Price	Exercise Price	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
Warrant Plan 2007 warrants	18.04	19.40	25.5%	3.61 years	0.0%	3.50%
Warrant Plan 2007 bis warrants	14.51	14.50	24.2%-27.7%	3.61 years	0.0%	4.07%-4.20%
Warrant Plan 2007 ter warrants	14.78	14.69	25.9%-28.5%	3.61 years	0.0%	4.17%-4.39%
Warrant Plan 2007 quater warrants	16.35	14.36	32.2%-36.4%	3.61 years	0.0%	1.83%-2.61%
Warrant Plan 2007 quinquies warrants	19.93	19.45	32.5%-38.8%	3.61 years	0.0%	1.64%-2.46%
Warrant Plan 2007 sexies warrants	20.97	18.98	32.5%-38.8%	3.61 years	0.0%	1.45%-2.33%
Warrant Plan 2007 septies warrants	28.70	24.02	38.7%-44.6%	3.61 years	0.0%	1.70%-2.32%
Warrant Plan 2008 warrants	15.89	15.86	24.3%-27.6%	3.61 years	0.0%	4.48%-4.51%
Warrant Plan 2009 warrants	14.60	14.22	32.3%-36.6%	3.61 years	0.0%	1.88%-2.71%
Warrant Plan 2010 primo warrants	28.70	24.02	38.7%-44.6%	3.61 years	0.0%	1.70%-2.32%
Warrant Plan 2010 bis warrants	28.76	28.79	38.8%-43.8%	3.61 years	0.0%	2.74%-3.42%

	Share Price	Exercise Price	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
Specific Stock Option Plan 2010-2014	24.77	23.00	36.9%	5.7 years	0.0%	2.44%
“	31.39	24.00	36.9%	5.3 years	0.0%	3.62%
“		25.00				
“		26.00				

Extension of the duration of outstanding options and warrants in 2009

The economic downturn left a number of options and warrants out-of-the money (underwater) in prior years. In order to address certain negative consequences resulting from the (financial and economic) crisis, the Belgian Parliament enacted a new Program Law allowing companies to extend the duration of certain outstanding options for a maximum period of 5 years. The extraordinary shareholders’ meeting of May 28, 2009 decided to offer an extension for the outstanding options and warrants held by current employees for a period of 3 years, taking into account the fiscally maximum number of options and warrants allowed. The beneficiaries were required to refuse or accept the offered extension by June 15, 2009 at the latest. The options and warrants subject to extension relate to Class A & B options, ESOP 2007bis and ESOP 2007ter warrants. The aforementioned modification increased the fair value of the equity instruments granted. This incremental fair value granted is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of the modification, and is recognized over the remaining vesting period. The portion of the incremental value related to already vested options and warrants was recognized immediately at the date of modification. Total incremental compensation cost was calculated at €0.7 million, of which €0.3 million was expensed immediately.

	Class A Stock Option Plan	Class B Stock Option Plan	Warrant Plan 2007bis	Warrant Plan 2007ter
Incremental fair value at modification date	0.34	0.74	0.60-0.85	0.60-1.00
Modification date	June 15, 2009	June 15, 2009	June 15, 2009	June 15, 2009
Number modified	262,052	60,740	754,984	43,000

The fair values of the modifications of the share options and warrants were determined using the Black-Scholes option pricing model with the following assumptions:

	Class A Stock Option Plan	Class B Stock Option Plan	Warrant Plan 2007bis	Warrant Plan 2007ter
Share price	14.32	14.32	14.32	14.32
Exercise price	5.08	6.35	14.50	14.69
Expected volatility	25.2%-46.4%	25.2%-43.7%	32.6% -41.3%	32.6% -39.5%
Expected option life	1.4 years	1.7 years	3.7 years	4.1 years
Expected dividends	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	0.62%-1.63%	0.79%-1.8%	0.87% -3.20%	2.26% -3.37%

Effect of the 2009 capital reduction on the outstanding options and warrants

Upon the payment of the capital reduction on September 1, 2009, Telenet Group Holding amended 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 0.969475, which is the ratio of the quoted market price of the Telenet Group Holding NV shares before the payment of the capital reduction less the capital reduction of €0.50 per share versus the quoted market price before the payment of the capital reduction. As a result of these adjustments, fair values of the options and warrants before and after the transaction remained exactly the same for all option and warrant holders resulting in no additional compensation expense. Above mentioned modifications to the different plans can be summarized as follows:

	Outstanding number of options and warrants		Exercise price of the options and warrants	
	before capital reduction	after capital reduction	before capital reduction	after capital reduction
Class A Options	262,052	270,303	5.08	4.92
Class B Options	192,783	198,853	6.35	6.16
Warrant Plan 2007 Warrants	27,500	28,366	19.40	18.81
Warrant Plan 2007 bis Warrants	1,000,968	1,032,483	14.50	14.06
Warrant Plan 2007 ter Warrants	43,000	44,353	14.69	14.24
Warrant Plan 2007 quater Warrants	1,236,000	1,274,918	14.36	13.92
Warrant Plan 2008 Warrants	317,000	326,981	15.86	15.38
Warrant Plan 2009 Warrants	180,000	185,668	14.22	13.79

Effect of the 2010 capital reduction on the outstanding options and warrants

Upon the payment of the capital reduction on August 2, 2010, Telenet Group Holding amended all options and warrants to ensure that benefits granted to the option and warrant holders were not reduced. The number of options and warrants were increased and the exercise price was decreased by a factor 0.907161, which is the ratio of the quoted market price of the Telenet Group Holding NV shares before the payment of the capital reduction less the capital reduction of €2.23 per share versus the quoted market price before the payment of the capital reduction. As a result of these adjustments, fair values of the options and warrants before and after the transaction remained exactly the same for all option and warrant holders resulting in no additional compensation expense. Above mentioned modifications to the different warrant plans can be summarized as follows:

	Outstanding number of options and warrants		Exercise price of the options and warrants	
	before capital reduction	after capital reduction	before capital reduction	after capital reduction
Class A Options	270,303	297,966	4.92	4.46
Class B Options	33,300	36,709	6.16	5.59
Warrant Plan 2007 warrants	28,366	31,269	18.81	17.06
Warrant Plan 2007bis warrants	823,650	907,942	14.06	12.75
Warrant Plan 2007ter warrants	37,589	41,435	14.24	12.92
Warrant Plan 2007quater warrants	1,214,617	1,338,928	13.92	12.63
Warrant Plan 2007quinquies warrants	155,000	170,863	19.45	17.64
Warrant Plan 2007sexies warrants	93,000	102,517	18.98	17.22
Warrant Plan 2008 warrants	326,981	360,444	15.38	13.95
Warrant Plan 2009 warrants	185,668	204,669	13.79	12.51

All plans

A summary of the activity of Telenet Group Holding's stock options and warrants for the years ended December 31, 2010, and 2009 is as follows:

	Outstanding Options and warrants	
	Number of Options and Warrants	Weighted Average Exercise Prices (in euro)
January 1, 2009	**3,097,564**	**9.76**
Warrant Plan 2007 quater warrants granted	1,236,000	14.36
Warrant Plan 2009 warrants granted	180,000	14.22
Additional Class A Options issued upon plan amendment	8,251	4.92
Additional Class B Options issued upon plan amendment	6,070	6.16
Additional Warrant Plan 2007 warrants issued upon plan amendment	866	18.81
Additional Warrant Plan 2007 bis warrants issued upon plan amendment	31,515	14.06
Additional Warrant Plan 2007 ter warrants issued upon plan amendment	1,353	14.24
Additional Warrant Plan 2007 quater warrants issued upon plan amendment	38,918	13.92
Additional Warrant Plan 2008 warrants issued upon plan amendment	9,981	15.38
Additional Warrant Plan 2009 warrants issued upon plan amendment	5,668	13.79
Class A Options exercised	(974,222)	5.08
Class B Options exercised	(309,449)	6.31
Warrant Plan 2007bis warrants exercised	(38,353)	14.06
Warrant Plan 2007quater warrants exercised	(10,958)	13.92
Warrant Plan 2007bis warrants forfeited	(28,568)	14.50
December 31, 2009	**3,254,636**	**13.48**
Warrant Plan 2007 quinquies warrants granted	155,000	19.45
Warrant Plan 2007 sexies warrants granted	93,000	18.98
Additional Class A Options issued upon plan amendment	27,663	4.46
Additional Class B Options issued upon plan amendment	3,409	5.59
Additional Warrant Plan 2007 warrants issued upon plan amendment	2,903	17.06
Additional Warrant Plan 2007 bis warrants issued upon plan amendment	84,292	12.75
Additional Warrant Plan 2007 ter warrants issued upon plan amendment	3,846	12.92
Additional Warrant Plan 2007 quater warrants issued upon plan amendment	124,311	12.63
Additional Warrant Plan 2007 quinquies warrants issued upon plan amendment	15,863	17.64
Additional Warrant Plan 2007 sexies warrants issued upon plan amendment	9,517	17.22
Additional Warrant Plan 2008 warrants issued upon plan amendment	33,463	13.95
Additional Warrant Plan 2009 warrants issued upon plan amendment	19,001	12.51
Warrant Plan 2007 septies warrants granted	189,900	24.02
Warrant Plan 2010 primo warrants granted	1,006,700	24.02
Class B Options exercised	(132,105)	6.05
Warrant Plan 2007 bis warrants exercised	(320,449)	13.42
Warrant Plan 2007 ter warrants exercised	(10,546)	13.40
Warrant Plan 2007 quater warrants exercised	(217,827)	12.90
Warrant Plan 2007 sexies warrants exercised	(12,393)	17.22
Warrant Plan 2007 bis warrants forfeited	(18,498)	13.29
Warrant Plan 2007 ter warrants forfeited	(2,902)	14.24
Warrant Plan 2007 quater warrants forfeited	(86,583)	12.68
Specific Stock Option Plan 2010-2014 options granted	250,000	23.00
December 31, 2010	**4,472,201**	**16.13**

The options and warrants in the table below were exercised versus payments of €8.3 and €7.6 million during the years ended December 31, 2010 and 2009, respectively. Upon exercise, the Class A and Class B options were exchanged on a one-for-one basis for Class A and Class B 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 Telenet Group Holding and resulted in a transfer of €1.0 million and €7.6 million between Equity based compensation reserves and Share Capital within Equity in 2010 and 2009, respectively. Warrant Plan 2007 warrants were exchanged on a one-for-one basis for shares representing Share Capital.

Class of options and warrants	Number of options and warrants exercised	Exercise date	Share price at exercise date (in euro)
Class B Options	92,575	05/01/2010	20.15
	15,000	13/04/2010	23.20
	24,384	14/10/2010	26.17
	146	22/12/2010	29.25
Warrant Plan 2007 bis warrants	54,804	05/01/2010	20.15
	108,035	13/04/2010	23.20
	123,899	14/10/2010	26.17
	33,711	22/12/2010	29.25
Warrant Plan 2007 ter warrants	3,862	13/04/2010	23.20
	710	14/10/2010	26.17
	5,974	22/12/2010	29.25
Warrant Plan 2007 quater warrants	46,248	13/04/2010	23.20
	94,259	14/10/2010	26.17
	77,320	22/12/2010	29.25
Warrant Plan 2007 sexies warrants	12,393	22/12/2010	29.25

The following table summarizes information about stock options and warrants outstanding and exercisable as of December 31, 2010:

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)
Class A Options	297,966	297,966	17 months	4.46
Class B Options	12,179	12,179	24 months	5.59
Warrant Plan 2007 warrants	31,269	23,443	27 months	17.06
Warrant Plan 2007 bis warrants	739,475	404,963	62 months	12.75
Warrant Plan 2007 ter warrants	34,751	15,828	68 months	12.92
Warrant Plan 2007 quater warrants	1,083,861	291,683	42 months	12.63
Warrant Plan 2007 quinquies warrants	170,863	42,714	47 months	17.64
Warrant Plan 2007 sexies warrants	90,124	13,225	48 months	17.22
Warrant Plan 2007 septies warrants	189,900	11,868	57 months	24.02
Warrant Plan 2008 warrants	360,444	247,801	29 months	13.95
Warrant Plan 2009 warrants	204,669	76,749	41 months	12.51
Warrant Plan 2010 primo warrants	1,006,700	62,897	57 months	24.02
Specific Stock Option Plan 2010-2014 options	250,000	—	80 months	23.00

Total compensation expense associated with Telenet Group Holding's option and warrant plans amounted to €9.8 million in 2010 (2009: €5.1 million).

5.11.3 Employee share purchase plan

On May 31, 2008 the extraordinary shareholders' meeting of Telenet Group Holding NV granted the Board of Directors the possibility to increase the capital of Telenet Group Holding through the issuance of a new Employee Share Purchase Plan ("ESPP 2011") for a maximum amount of €23.5 million.

In January 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 was communicated on March 24, 2011. The cancellation period for annulation of the initial subscription ends on March 30, 2011. Final annulments will be known on April 8, 2011 when the payment is due.

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 Telenet Group Holding'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, 2010 and 2009.

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Amended Senior Credit Facility:		
Term Loan A	—	77,234
Term Loan B1	—	69,017
Term Loan B2A	—	74
Term Loan C	—	83,263
Revolving Credit Facility	230	222
Term Loan D	—	452,766
Term Loan E	—	328,636
Term Loan F	—	979,237
Term Loan G	1,470,529	—
Term Loan J	79,263	—
Term Loan K	158,000	—
Term Loan L1	208,457	—
Senior Secured Notes		
€500 million Senior Secured Notes due 2020	505,047	—
€100 million Senior Secured Notes due 2016	100,515	—
Finance lease obligations	340,125	315,642
Bank Loan	31	—
Clientele fee > 20 years	65,137	60,059
	2,927,334	**2,366,150**
Less: deferred financing fees	(49,638)	(42,178)
	2,877,696	**2,323,972**
Less: current portion	(40,319)	(32,434)
Total non-current loans and borrowings	**2,837,377**	**2,291,538**

As of December 31, 2010 and 2009, all loans and borrowings are denominated in euros. Fixed interest rates applied to 32.36% of the total loans and borrowings (2009: 11.15%). The weighted average interest rates at year end were 6.30% on fixed interest rate loans (2009: 6.88%) and 4.40% on floating interest rate loans (2009: 3.85%).

5.12.1 Senior Credit Facility—Before 2009 amendments

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. The terms and conditions of the Senior Credit Facility (before 2009 amendments) can be summarized as follows:

	Total Facility as per December 31, 2008 (in thousands of euro)	Maturity Date	Interest rate
Senior Credit Facility:			
Term Loan A	530,000	August 1, 2012	Floating—Euribor + 2,25%
Term Loan B1	307,500	January 31, 2013 July 31, 2014 January 31, 2014	Floating—Euribor + 2,50%
Term Loan B2	225,000	January 31, 2013 July 31, 2014 January 31, 2014	Floating—Euribor + 2,50%
Term Loan C	1,062,500	August 1, 2015	Floating—Euribor + 2,75%
Revolving Credit Facility	175,000	August 1, 2014	Floating—Euribor + 2,125%
Total notional amount	**2,300,000**		

5.12.2 2009 Amended Senior Credit Facility

In June 2009, Telenet BidCo amended its existing Senior Credit Facility agreement, whereby the undrawn €225.0 million Term Loan B2 facility (the Initial Telenet B2 Facility), which was available to be drawn up to June 30, 2009, was split into two separate facilities: (i) a €135.0 million Term Loan facility B2A, which was available to be drawn up to and including June 30, 2010, and (ii) a €90.0 million Term Loan facility B2B, which was drawn in full on June 29, 2009. The applicable terms and conditions of the Senior Facility B2A and the Telenet Facility B2B were the same as the Initial Telenet B2 Facility. After the completion of this transaction, the Telenet Credit Facility included Facilities A, B1, B2A, B2B and C, all of which were Term Loan facilities, and a Revolving Credit Facility.

On August 25, 2009, pursuant to various additional facility accession agreements, new Facilities D, E1, E2 and F were executed under the 2009 Amended Senior Credit Facility. All of the Facilities were euro-denominated Term Loan Facilities.

In connection with the completion of the new Facilities, certain of the lenders under the existing Facilities A, B1, B2A and C novated their commitments to Telenet Mobile NV and entered into the 2009 Amended Senior Credit Facilities. As a result, during the third quarter of 2009, total commitments of €452.8 million, €238.5 million, €90.0 million, €90.0 million and €979.2 million under Facilities A, B1, B2A, B2B and C, respectively, were rolled into the new Facilities. Among other matters, the completion of the 2009 Amended Senior Credit Facilities resulted in the extension of a significant portion of the maturities under the Senior Credit Facility.

The terms and conditions of the 2009 Amended Senior Credit Facility and the situation at December 31, 2009 can be summarized as follows:

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate
	December 31, 2009				
	(in thousands of euro)				
2009 Amended Senior Credit Facility:					
Term Loan A	77,234	77,234	—	August 1, 2012	Floating—Euribor + 2,25%
Term Loan B1	69,017	69,017	—	January 31, 2013 July 31, 2013 January 31, 2014	Floating—Euribor + 2,50%
Term Loan B2A	45,000	—	45,000	January 31, 2013 July 31, 2013 January 31, 2014	Floating—Euribor + 2,50%
Term Loan C	83,263	83,263	—	August 1, 2015	Floating—Euribor + 2,75%
Revolving Credit Facility	175,000	—	175,000	August 1, 2014	Floating—Euribor + 2,125%
Term Loan D	452,766	452,766	—	December 31, 2014	Floating—Euribor + 3.00%
Term Loan E1	328,483	328,483	—	March 31, 2015	Floating—Euribor + 3.50%
Term Loan E2	90,000	—	90,000	March 31, 2015	Floating—Euribor + 3.50%
Term Loan F	979,237	979,237	—	July 31, 2017	Floating—Euribor + 3.75%
Total notional amount . . .	**2,300,000**	**1,990,000**	**310,000**		

5.12.3 2010 Amended Senior Credit Facility

Voluntary debt exchange and extension process

On June 25, 2010 the Term Loan E2 and on June 28, 2010 Term Loan B2A were drawn for the full amount of respectively €90.0 million and €45.0 million.

On July 19, 2010, Telenet Group Holding launched a voluntary exchange process for certain Term Loans under its €2,300 million 2009 Amended Senior Credit Facility. With this exchange process, Telenet Group Holding intended to extend the average maturity of its term debt. Lenders had the opportunity to exchange their existing participations and commitments with participations and commitments in new tranches with extended maturities (July 31, 2017) and improved economics. New Facilities F, G, H, I, J, K, L1 and L2 were executed under the 2010 Amended Senior Credit Facility. All of these facilities are euro-denominated Term Loan Facilities. On October 12, 2010, the voluntary exchange process was successfully finalized.

The exchange from Term Loan A, B1, B2A, C, D and E1 resulted in an extended maturity date and modified interest rates. The novations to Term Loan H, I, J, K, L1 and L2, did not consist of an extension of the maturity date and only implied a change in borrower, being Telenet International Finance S.à r.l. instead of Telenet NV. The exchange from Term Loan F into Term Loan G also consisted solely of the above mentioned change in borrower since the maturity date and all other economics of the Term Loan G are the same as those of Term Loan F.

The situation of the 2010 Amended Senior Credit Facility immediately after the extension process is summarized in the table below:

	Total Facility	Drawn amount	Undrawn amount	Maturity Date	Interest rate
	After novation / extension (in thousands of euro)				
2010 Amended Senior Credit Facility:					
Term Loan B1	3,000	3,000	—	January 31, 2013 July 31, 2013 January 31, 2014	Floating— Euribor + 2,50%
Term Loan F	4,000	4,000	—	July 31, 2017	Floating— Euribor + 3.75%
Term Loan G	1,470,529	1,470,529	—	July 31, 2017	Floating— Euribor + 3.75%
Term Loan H	72,734	72,734	—	August 1, 2012	Floating— Euribor + 2.25%
Term Loan I	39,017	39,017	—	January 31, 2013 July 31, 2013 January 31, 2014	Floating— Euribor + 2,50%
Term Loan J	79,263	79,263	—	August 1, 2015	Floating— Euribor + 2,75%
Term Loan K	158,000	158,000	—	December 31, 2014	Floating— Euribor + 3.00%
Term Loan L1	208,457	208,457	—	March 31, 2015	Floating— Euribor + 3.50%
Term Loan L2	90,000	90,000	—	March 31, 2015	Floating— Euribor + 3.50%
Revolving Credit Facility	175,000	—	175,000	August 1, 2014	Floating— Euribor + 2,125%
Total notional amount	**2,300,000**	**2,125,000**	**175,000**		

Upon finalization of the novation / extension process at October 12, 2010, the amounts remaining outstanding under Term Loan B1 and F amounted to €3.0 million, respectively €4.0 million. On October 29, 2010 Telenet Group Holding decided to redeem the above mentioned tranches before maturity date. The unamortized deferred financing fees related to Term Loan B1 and F amounted to €0.1 million and were accounted for as a Loss on Extinguishment of Debt.

Issuance of €500.0 million Senior Secured Notes due 2020

Telenet Finance Luxembourg S.C.A. (further referred to as the "Issuer" or 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 the Senior Secured Notes.

On October 28, 2010 Telenet Finance Luxembourg S.C.A. entered into a Global Note offering (the "Senior Secured Notes due 2020"). The Issuer is incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance Luxembourg S.à r.l., a company independent from the Telenet Group.

Telenet Finance Luxembourg S.C.A. is a special purpose entity for financing purposes (SPE), incorporated on specific request of Telenet Group Holding. Although Telenet Group Holding does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by Telenet Group Holding given the substance of its relationship. Therefore, Telenet Finance Luxembourg S.C.A. is included in the consolidated financial statements of Telenet Group Holding.

The proceeds from the issuance of the Senior Secured Notes due 2020 (being €500.0 million) were used by the Issuer to fund an additional facility under the 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 Telenet Group Holding's 2010 Amended Senior Credit Facility before maturity for an aggregate €201.7 million. The unamortized deferred financing fees related to Term Loan H, I and L2 amounted to €7.8 million and were accounted for as a loss on extinguishment of debt upon early redemption at November 15, 2010.

Issuance of €100.0 million Senior Secured Notes due 2016

Telenet Finance Luxembourg II S.A. (further referred to as the "Issuer" or 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 the Senior Secured Notes due 2016.

On November 26, 2010 Telenet Finance Luxembourg II S.A. entered into a Global Note offering (the "Senior Secured Notes due 2016"). The Issuer is incorporated as a corporate partnership limited by shares and is owned for 100.00% by a charitable trust.

Telenet Finance Luxembourg II S.A. is a special purpose entity for financing purposes (SPE), incorporated on specific request of Telenet Group Holding. Although Telenet Group Holding does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by Telenet Group Holding given the substance of its relationship. Therefore, Telenet Finance Luxembourg II S.A. is included in the consolidated financial statements of Telenet Group Holding.

The proceeds from the issuance of the Senior Secured Notes due 2016 (being €100.0 million) were used by the Issuer to fund an additional facility under the 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 will be primarily used for general corporate purposes, which may include distributions to Telenet Group Holding's direct and indirect shareholders, and possible mergers and acquisition transactions.

5.12.4 Repayment schedule

Aggregate future principal payments on the total borrowings under all of Telenet Group Holding's loans and borrowings other than finance leases as of December 31, 2010 are shown in the following table:

	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate
	December 31, 2010				
	(in thousands of euro)				
2010 Amended Senior Credit Facility:					
Term Loan G	1,470,529	1,470,529	—	July 31, 2017	Floating—Euribor + 3.75%
Term Loan J	79,263	79,263	—	August 1, 2015	Floating—Euribor + 2.75%
Revolving Credit Facility	175,000	—	175,000	August 1, 2014	Floating—Euribor + 2.125%
Term Loan K	158,000	158,000	—	December 31, 2014	Floating—Euribor + 3.00%
Term Loan L1	208,457	208,457	—	March 31, 2015	Floating—Euribor + 3.50%
Senior Secured Notes					
€500 million Senior Secured Notes due 2020	500,000	500,000	—	November 15, 2020	Fixed—6.375%
€100 million Senior Secured Notes due 2016	100,000	100,000	—	November 15, 2016	Fixed—5.30%
Total notional amount	**2,691,249**	**2,516,249**	**175,000**		

5.12.5 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 Hostbasket NV, T-VGAS NV, C-CURE NV, Telenet Mobile NV, Telenet Solutions Luxembourg S.A. and Telenet Luxembourg Finance Center S.à r.l.) under the 2010 Amended Senior Credit Facility over substantially all their assets of which the consolidated carrying amounts as of December 31, 2010 and 2009 can be detailed as follows:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Assets		
Non-current assets:		
Property and equipment	1,306,982	1,311,838
Goodwill	1,235,895	1,233,066
Other intangible assets	311,927	307,636
Derivative financial instruments	4,718	9,113
Investments in equity accounted investees	212	259
Other assets	1,892	1,708
Total non-current assets	**2,861,626**	**2,863,620**
Current assets:		
Inventories	1,025	2,379
Trade receivables	74,059	71,352
Derivative financial instruments	315	301
Other current assets	55,357	36,954
Cash and cash equivalents	639,104	145,789
Total current assets	**769,860**	**256,775**
Total Assets	**3,631,486**	**3,120,395**

The above-mentioned security interests include:

- pledges of all shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.;
- non-joined (non-cumulative) mortgages of (i) €800 million granted 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);
- non-exercised mortgage mandates of (i) €650 million granted by Telenet NV (formerly called Telenet BidCo NV), (ii) €450 million granted 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;
- non-joined (non-cumulative) floating charges (*pand op handelszaak*) of (i) €1.25 billion granted by Telenet NV (formerly called Telenet Operaties 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 mortgages;
- a non-exercised floating charge mandate of €865 million granted by Telenet NV;
- pledges of all present and future receivables granted by Telenet Group Holding NV, Telenet NV and Telenet Vlaanderen NV;
- pledges of all present and future intercompany receivables granted by Telenet International Finance S.à r.l.; and
- pledges on bank accounts granted by Telenet Group Holding NV, Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.

As of December 31, 2010, Telenet Group Holding was in compliance with all of its financial covenants.

Following two notes issuances by Telenet Finance Luxembourg S.C.A. and Telenet Finance Luxembourg II S.A., companies organized under Luxembourg law that are not controlled by Telenet Group Holding NV but are consolidated by Telenet Group Holding NV, on, respectively, November 3, 2010 and November 26, 2010, Telenet Finance Luxembourg S.C.A. and Telenet Finance Luxembourg II S.A. have become lenders under the 2010 Amended Senior Credit Facility.

In respect of the obligations under the notes issued by Telenet Finance Luxembourg S.C.A., the following security has been granted to the trustee under the notes on behalf of itself and the holder 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 Luxembourg 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 accounts.

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., the following 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 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.

5.12.6 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, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**
Within one year	50,482	45,553	21,053	19,378	29,429	26,175
In the second to fifth years, inclusive	180,518	162,174	66,689	62,585	113,829	99,589
Thereafter	241,861	234,999	49,825	50,930	192,036	184,069
Total minimum lease payments	**472,861**	**442,726**	**137,567**	**132,893**	**335,294**	**309,833**

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, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**	**December 31, 2010**	**December 31, 2009**
Buildings	44,495	49,519	8,171	9,429	36,324	40,090
Canon	383,134	392,928	114,795	123,456	268,339	269,472
Norkring (Digital Terrestrial Television)	44,942	—	14,601	—	30,341	—
Other	290	279	0	8	290	271
Total minimum lease payments	**472,861**	**442,726**	**137,567**	**132,893**	**335,294**	**309,833**

Canon, Clientele and Annuity agreements

In 1996, Telenet Group Holding acquired the exclusive right to offer point-to-point services including broadband internet and telephony services, as well as the right 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, Telenet Group Holding 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, Telenet Group Holding 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 36 years remained at the end of 2010). Under this agreement, Telenet Group Holding 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.

As Telenet Group Holding obtained the ownership and control over the entire network through the Clientele, Annuity and Canon Agreements, the net book value of the user rights was transferred from intangibles to property and equipment.

For the year ended December 31, 2010, the average effective borrowing rate for the three above mentioned fees was 6.65% (2009 : 6.62%).

Norkring

On May 4, 2010, Telenet Group Holding signed an agreement with Norkring België NV concerning the use of capacity on the latter's broadcasting infrastructure network. This will enable Telenet to offer digital TV and radio services through the Norkring's digital frequency channels in Flanders and Brussels. Generally, Telenet Group Holding's services are available through the cable network. Through this agreement, Telenet Group Holding will be able to offer digital TV and radio services—beyond the traditional home—to secluded homes, caravans, holiday homes and cars.

The Norkring agreement foresees in 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 Telenet Group Holding 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. For the year ended December 31, 2010, the average effective borrowing rate for the Norkring fee was 6.23%. Payments under the Norkring agreement not related to the "MUX 1 capacity" are accounted for as operating expenses as incurred.

The DTT broadcast capacity was ready for its intended use on October 1, 2010. Telenet Group Holding plans to start offering DTT services at a later stage.

Other leases

Telenet Group Holding 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, 2010, the average effective borrowing rate was 3.53% (2009: 3.48%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Telenet Group Holding's obligations under finance leases are secured by the lessors' title to the leased assets.

5.13 DERIVATIVE FINANCIAL INSTRUMENTS

Telenet Group Holding has entered into various derivative instruments to manage interest rate and foreign currency exposure.

As of December 31, 2010 and 2009, the outstanding forward foreign exchange derivatives were as follows:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Forward Purchase Contracts		
Notional amount in US dollar	12,000	9,000
Weighted average strike price (US dollar per euro)	1.375	1.486
Maturity	From January to March 2012	From January to June 2010

As of December 31, 2010 and 2009, the outstanding interest rate derivatives were as follows:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Basis Swaps		
Notional amount	—	1,900,000
Average pay interest rate	—	EURIBOR 3M
Average receive interest rate	—	EURIBOR 1M+0.2603%
Maturity	—	2010
Interest Rate Swaps		
Notional amount	1,200,000	1,250,000
Average pay interest rate	3.85%	3.88%
Average receive interest rate	0.74%	1.59%
Maturity	From 2011 to 2017	From 2010 to 2017
Caps		
Notional amount	1,057,115	1,708,230
Average cap interest rate	3.80%	4.13%
Maturity	From 2011 to 2017	From 2011 to 2017
Collars		
Notional amount	1,025,000	75,000
Average floor interest rate	1.11%	2.50%
Average cap interest rate	4.06%	4.83%
Maturity	From 2011 to 2017	2011

The following tables provide details of the fair value of Telenet Group Holding's financial and derivative instrument assets (liabilities), net:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Current asset	315	301
Non-current asset	4,718	9,113
Current liability	(24,729)	(16,582)
Non-current liability	(35,914)	(18,586)
	(55,610)	**(25,754)**
Interest rate derivatives	(56,029)	(26,033)
Foreign exchange options and forwards	276	231
Embedded derivatives	143	48
	(55,610)	**(25,754)**

Realized and unrealized gains (losses) on financial and derivative instruments comprise the following amounts:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Interest rate derivatives	(39,228)	(21,417)
Foreign exchange options and forwards	45	464
Embedded derivatives	185	89
	(38,998)	**(20,864)**

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 paid (received)	Increase (decrease) in earnings
January 1, 2009	**(5,163)**	**—**	**90,894**	**(96,057)**
Change in fair value of interest rate derivatives and forward contracts	(23,263)	—	—	(23,263)
Embedded derivatives at fair value through P&L	89	—	—	89
Prepaid hedge premiums CAPS	1,133	—	1,133	—
Prepaid hedge premiums IRS	1,450	—	1,450	—
Cash received upon early termination CAPS	—	—	(2,310)	2,310
December 31, 2009	**(25,754)**	**0**	**91,167**	**(116,921)**

(in thousands of euro)	Increase (decrease) in fair value	Increase (decrease) in operating profit & CAPEX	Cash paid (received)	Increase (decrease) in earnings
January 1, 2010	**(25,754)**	**0**	**91,167**	**(116,921)**
Change in fair value of interest rate derivatives and forward contracts	(42,981)	—	—	(42,981)
Embedded derivatives at fair value through P&L	185	—	—	185
Operating profit & CAPEX impact embedded derivatives	—	89	—	89
Prepaid hedge premiums CAPS & COLLARS	12,940	—	12,940	—
Cash received upon early termination CAPS & COLLARS	—	—	(3,709)	3,709
December 31, 2010	**(55,610)**	**89**	**100,398**	**(155,919)**

5.13.2 Fair value

The carrying amounts and related estimated fair values of Telenet Group Holding's significant financial instruments were as follows:

	December 31, 2010		December 31, 2009	
(in thousands of euro)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Amended Senior Credit Facility	(1,916,479)	(1,918,911)	(1,990,449)	(1,952,122)
Senior Secured Notes	(605,562)	(613,312)	—	—
Finance Lease obligations	(340,125)	(330,785)	(315,642)	(298,001)
Clientele fee > 20 years	(65,137)	(74,093)	(60,059)	(70,248)
Other bank loans	(31)	(31)	—	—
Total loans and borrowings (including short-term maturities)	**(2,927,334)**	**(2,937,132)**	**(2,366,150)**	**(2,320,371)**
Foreign exchange options and forwards	276	276	231	231
Interest rate swaps	(55,944)	(55,944)	(32,484)	(32,484)
Caps	1,913	1,913	7,954	7,954
Collars	(1,998)	(1,998)	(1,503)	(1,503)
Embedded derivatives	143	143	48	48
Total derivative instruments	**(55,610)**	**(55,610)**	**(25,754)**	**(25,754)**
Total	**(2,982,944)**	**(2,992,742)**	**(2,391,904)**	**(2,346,125)**

The fair value of interest rate swaps and foreign exchange forwards are calculated by Telenet Group Holding based on swap curves flat, taking into account the credit risk of both Telenet Group Holding 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 our 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 comparable maturities with similar credit risk to the appropriate 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 Telenet Group Holding would realize in a current market exchange.

5.14 DEFERRED TAXES

Telenet Group Holding NV and its consolidated subsidiaries each file separate tax returns 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. 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, 2010	(Charged) credited to the statement of comprehensive income	Acquisition of Subsidiary	December 31, 2010
Deferred tax assets:				
Financial instruments	17,053	9,598	—	26,651
Property and equipment	11,860	8,846	—	20,706
Intangible assets	4,740	(4,740)	—	—
Provisions	4,169	2,168	—	6,337
Tax loss carry-forwards	111,604	(67,560)	139	44,183
Other	—	188	—	188
Total Deferred tax assets	**149,426**	**(51,500)**(1)	**139**	**98,065**(2)
Deferred tax liabilities:				
Intangible assets	(43,792)	6,428	(226)	(37,590)
Investments	(131)	(135)	—	(266)
Property and equipment	(23,769)	(12,037)	—	(35,806)
Other	(11,056)	378	636	(10,042)
Total Deferred tax liabilities	**(78,748)**	**(5,366)**(1)	**410**	**(83,704)**(2)

(in thousands of euro)	Statement of comprehensive income[(1)]	Balance Sheet[(2)]
Deferred tax assets	(51,500)	98,065
Deferred tax liabilities	(5,366)	(83,704)
	(56,866)	**14,361**
Statement of comprehensive income (see Note 5.22)		
Deferred tax (benefit) / expense	56,866	
Current tax expense	306	
	57,172	
Balance Sheet		
Deferred tax asset		19,905
Deferred tax liability		(5,544)
		14,361

(in thousands of euro)	January 1, 2009	(Charged) credited to the statement of comprehensive income	Recognition of previously unrecognised deferred taxes, through the income statement	December 31, 2009
Deferred tax assets:				
Financial instruments	2,041	393	14,619	17,053
Property and equipment	—	11,428	432	11,860
Intangible assets	—	—	4,740	4,740
Provisions	8,999	(4,830)	—	4,169
Tax loss carry-forwards	30,609	(24,687)	105,682	111,604
Other	345	(345)	—	—
Total Deferred tax assets	**41,994**	**(18,041)**[(1)]	**125,473**[(1)]	**149,426**[(2)]
Deferred tax liabilities:				
Intangible assets	(43,291)	(501)	—	(43,792)
Investments	—	(131)	—	(131)
Property and equipment	(15,816)	(7,953)	—	(23,769)
Other	(108)	(1,838)	(9,110)	(11,056)
Total Deferred tax liabilities	**(59,215)**	**(10,423)**[(1)]	**(9,110)**[(1)]	**(78,748)**[(2)]

(in thousands of euro)	Statement of comprehensive income[(1)]	Balance Sheet[(2)]
Deferred tax assets	107,432	149,426
Deferred tax liabilities	(19,533)	(78,748)
	87,899	70,678
Statement of comprehensive income (see Note 5.22)		
Deferred tax (benefit) / expense	(87,899)	
Current tax (benefit) / expense	(829)	
	(88,728)	
Balance Sheet		
Deferred tax asset		116,363
Deferred tax liability		(45,685)
		70,678

As of December 31, 2010, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €248.9 million (2009: €477.1 million). Under current Belgian 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 which can be carried forward for 7 years.

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. During 2009, a tax ruling was received that will allowed Telenet Group Holding to merge two of its subsidiaries as part of a simplification of the corporate structure. As a result of this merger, Telenet Group Holding forfeited €189.4 million of tax loss carryforwards based on Belgian tax law. Additionally, a net deferred tax asset of €119.6 was recognised in 2009 for the tax loss carry forwards and other temporary differences that were previously not probable of being realized.

Telenet did not recognise deferred tax assets of €40.4 million (2009: €50.5 million) in respect of losses amounting to €118.9 million (2009: €148.7 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

	Note	December 31, 2010	December 31, 2009
		(in thousands of euro)	
Employee benefit obligations	5.16	5,642	5,031
Copyright fees		568	1,310
Other personnel related obligations		3,796	5,743
Long service awards	5.16	4,105	4,539
Interkabel out of market opex		16,214	19,214
Asset retirement obligations		2,354	2,334
Other		5,466	1,769
Total Other liabilities		**38,145**	**39,940**

The operational expenses charged by Interkabel for the maintenance of its network are higher than Telenet Group Holding'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, 2010 amounts to €16.2 million (2009: €19.2 million).

5.16 EMPLOYEE BENEFIT PLANS

The total employee benefit plans can be summarized as follows

		December 31, 2010			December 31, 2009		
(in thousands of euro)	Note	Total employee benefit plans	of which Defined benefit pension plans	of which Other post retirement plans	Total employee benefit plans	of which Defined benefit pension plans	of which Other post retirement plans
			Note 5.16			Note 5.16	
Defined benefit pension plans		385	385	—	412	412	—
Other post-retirement plans		4,406	—	4,406	3,768	—	3,768
Other employee benefit plans		851	—	—	851	—	—
Total LT employee benefit obligations	5.15	**5,642**	**385**	**4,406**	**5,031**	**412**	**3,768**
Total LT service awards	5.15	**4,105**	**—**	**—**	**4,539**	**—**	**—**
Total ST service awards		**625**	**—**	**—**	**637**	**—**	**—**
Defined benefit pension plans		(2,913)	(2,913)	—	(2,487)	(2,487)	—
Defined contribution plans		—	—	—	(1,370)	—	—
Total LT asset related to funding of employee benefit obligations	5.8.1	**(2,913)**	**(2,913)**	**—**	**(3,857)**	**(2,487)**	**—**
Total employee benefit plans liability/(asset)		**7,459**	**(2,528)**	**4,406**	**6,350**	**(2,075)**	**3,768**

Defined contribution plans

Total employer contributions to the defined contribution plan for 2010 amounted to €1.2 million (2009: €3.5 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 €29.4 million at December 31, 2010 (2009: €23.9 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 balance sheet at December 31, 2010 (2009: €1.3 million net asset).

Long service awards

Telenet Group Holding has also recognized a liability of €4.1 million at December 31, 2010 (2009: €4.5 million) for long service awards, which consist merely of a provision for jubilee benefits.

Defined benefit pension plans and other post-retirement plans

The defined benefit pension plans are financed through insurance contracts which provide a guaranteed rate of return. These plan assets do not include any shares issued by Telenet or property occupied by Telenet.

Telenet also provides post-retirement health care benefits to certain employees. These obligations are financed directly by Telenet Group Holding.

In the fourth quarter of 2009, Telenet Group Holding agreed upon a post-employment settlement with former Electrabel (ICS) employees with regards to gas and electricity tariff discounts. This agreement ended all future obligations and led to a one-off provision of €6.6 million, which did not have an immediate cash impact.

The amounts recognized in the balance sheet with respect to the defined benefit plans are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
(in thousands of euro)	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Present value of funded obligations	10,951	10,835	—	—
Fair value of plan assets	(10,073)	(8,856)	—	—
	878	**1,979**	**—**	**—**
Present value of unfunded obligations	—	—	5,634	3,601
Unrecognised net actuarial gain/(loss)	(3,406)	(4,054)	(1,228)	167
Net (asset) liability	**(2,528)**	**(2,075)**	**4,406**	**3,768**

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, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Service cost	1,504	1,646	379	711
Interest cost	509	527	257	561
Expected return on plan assets	(401)	(293)	—	—
Losses / (gains) on settlements	—	—	—	2,123
Actuarial losses recognised in the year	158	161	48	3,603
Total	**1,770**	**2,041**	**684**	**6,998**

Changes in the present value of the defined benefit obligation are as follows:

(in thousands of euro)	Defined Benefit Pension Plans		Other post-retirement plans	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Opening defined benefit obligation	10,835	7,559	3,601	7,149
Service cost	1,504	1,646	379	711
Interest cost	509	527	257	561
Plan participants contributions	44	47	—	—
Liabilities extinguished on settlements	—	—	—	(7,732)
Actuarial loss (gain)	(1,544)	1,056	1,443	2,997
Benefits paid	(397)	—	(46)	(85)
Closing defined benefit obligation	**10,951**	**10,835**	**5,634**	**3,601**

Changes in the fair value of plan assets are as follows:

(in thousands of euro)	Defined Benefit Pension Plans		Other post-retirement plans	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Opening fair value of plan assets	8,856	5,303	—	—
Expected return on plan assets	401	293	—	—
Company contributions	2,223	3,891	46	9,940
Plan participants contributions	44	47	—	—
Assets distributed on settlements	—	—	—	(9,855)
Actuarial (loss) gain	(1,054)	(678)	—	—
Benefits paid	(397)	—	(46)	(85)
Closing fair value of plan assets	**10,073**	**8,856**	**—**	**—**

The actual return on plan assets for the plans shown was €(0.6) million (2009: €(0.4) million).

A 1% change in 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	174	(128)
b) defined benefit obligation	1,337	(1,016)

The experience adjustments for the current and previous four annual periods amount to:

(in thousands of euro)	2010	2009	2008	2007	2006
Defined benefit obligation	16,585	14,436	14,708	11,150	13,431
Fair value of plan assets	10,073	8,856	5,303	3,228	6,185
(Surplus) / deficit	**6,512**	**5,580**	**9,405**	**7,922**	**7,246**
Experience adjustments on plan liabilities	(1,348)	(945)	590	(831)	1,634
Experience adjustments on plan assets	(1,054)	(678)	(265)	(1,547)	(615)

The principal assumptions used for the purpose of the actuarial valuations are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
	2010	2009	2010	2009
Discount rate at December 31	4.75%	4.75%	4.75%	4.75%
Rate of compensation increase	3.07%	3.08%	—	—
Expected return on plan assets	4.50%	4.92%	—	—
Underlying inflation rate	2.00%	2.00%	2.00%	2.00%
Increase of medical benefits	—	—	4.00%	3.00%
Mortality tables	MR/FR-3	MR/FR-3	MR/FR-3	MR/FR-3

The expected contributions towards defined benefit plans for 2011 are estimated at €2.3 million.

The expected rate of return reflects the guaranteed interest rates under the insurance contracts and expected insurance dividends.

5.17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Customer deposits	23,438	23,203
Compensation and employee benefits	44,139	42,163
VAT and withholding taxes	18,904	13,241
Copyright fees	989	978
Dividend payable to shareholders	375	275
Current portion of "Interkabel out of market component" liability	2,087	2,845
Accrued programming fees	43,267	49,723
Accrued capital expenditure	18,223	10,719
Accrued other liabilities—invoices to receive regarding:		
Goods received and services performed	39,444	34,399
Professional fees	16,198	16,611
Warehouse items received	12,176	7,475
Interconnect	10,225	7,888
Advertising, marketing and public relations	9,712	8,690
Infrastructure	5,484	6,432
Other	37,555	43,265
Accrued interest on derivatives	7	4,260
Other current liabilities	848	298
Total Accrued expenses and other current liabilities	**283,071**	**272,465**

5.18 REVENUE

Telenet Group Holding's revenue is comprised of the following:

	For the years ended Dec 31, 2010	2009
	(in thousands of euro)	
Cable television:		
Basic Subscribers[1]	325,100	322,271
Premium Subscribers[1]	150,684	115,398
Residential:		
Internet	426,657	402,010
Telephony[2]	255,862	224,278
Distributors/Other	55,734	56,516
Business	84,956	76,948
Total Revenue	**1,298,993**	**1,197,421**

1 Basic and premium cable television substantially comprises residential customers, but also includes a small portion of business customers.

2 Residential telephony revenue also includes interconnection fees generated by business customers.

Telenet Group Holding also has deferred revenue as follows:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Cable television:		
Basic Subscribers[1]	64,764	69,539
Premium Subscribers[1]	6,698	2,441
Residential:		
Internet	10,864	10,583
Telephony[2]	3,844	3,154
Distributors/Other	12,779	27,222
Business	1,513	769
Total Deferred Revenue	**100,462**	**113,708**
Current portion	94,034	105,143
Long term portion	6,428	8,565

Deferred revenue is generally fees prepaid by the customers and, as discussed in Note 5.2.9 to the consolidated financial statements of Telenet Group Holding, is recognized in the statement of comprehensive income on a straight-line basis over the related service period.

5.19 EXPENSES BY NATURE

	Note	For the years ended December 31, 2010	2009
		(in thousands of euro)	
Employee benefits:			
Wages, salaries, commissions and social security costs		117,296	105,314
Other employee benefit costs		16,512	17,736
		133,808	**123,050**
Depreciation and impairment	5.4	246,471	239,015
Amortisation	5.6	60,487	55,475
Amortisation of broadcasting rights	5.6	6,830	8,329
Losses (gains) on disposal of property and equipment and other intangible assets		46	(16)
Network operating and service costs		378,220	343,237
Advertising, sales and marketing		69,307	69,225
Share-based payments granted to directors and employees		9,787	5,067
Non-recurring post-employment benefits	5.16	—	6,571
Operating charges related to acquisitions or divestitures		267	1,293
Other costs		48,971	47,667
Restructuring charges		268	—
Total costs and expenses		**954,462**	**898,913**

The number of full time equivalents employed by Telenet Group Holding at the year ended December 31, 2010 was 2,000 (2009: 1,887).

1 Basic and premium cable television substantially comprises residential customers, but also includes a small portion of business customers.

2 Residential telephony revenue also includes interconnection fees generated by business customers.

5.20 FINANCE INCOME / EXPENSE

	For the years ended December 31, 2010	2009
	(in thousands of euro)	
Recognised in the statement of comprehensive income		
Finance income		
Interest income on bank deposits and commercial paper	1,513	974
Net foreign exchange gain	—	189
	1,513	**1,163**
Finance expense		
Interest expense, net		
Interest expense on financial liabilities measured at amortized cost	(124,055)	(115,243)
Interest expense on derivatives at fair value through statement of comprehensive income	(20,230)	(33,236)
Interest income on derivatives at fair value through statement of comprehensive income	—	19,069
Amortisation of financing cost	(6,364)	(4,551)
	(150,649)	**(133,961)**
Net loss on derivative financial instruments	(38,998)	(20,864)
Loss on extinguishment of debt	(7,903)	—
Net foreign exchange loss	(1,608)	—
	(199,158)	**(154,825)**
Net finance expense recognised in the statement of comprehensive income	**(197,645)**	**(153,662)**

5.21 EQUITY ACCOUNTED INVESTEES

The Group's share in the net result of its equity accounted investees for the year was €0.4 million (loss) (2009: €0.5 million (loss)).

In 2010 and 2009 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:

	Ownership	Total net result	Group's share in the total net result
		(in thousands of euro)	
2010			
Pebble Media NV	33.33%	(594)	(198)
Thalys NV	20.00%	(1,070)	(214)
Total share of the loss of equity accounted investees		**(1,664)**	**(412)**
2009			
Pebble Media NV	33.33%	(1,023)	(341)
Thalys NV	20.00%	(715)	(143)
Total share of the loss of equity accounted investees		**(1,738)**	**(484)**

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. The VAR is a subsidiary of the Flemish public broadcaster VRT and manages the advertising strategy of the various public radio and television brands. The Concentra Group publishes various national, regional and specialized newspapers and magazines and owns three regional television stations. 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 of which € 0.3 million was effectively paid at inception. In October 2009 and June 2010, the remaining €0.3 million and €0.1 million were paid. 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 qualified 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 Telenet Group Holding's share in the net result is detailed in the table below. The amounts mentioned are not adjusted for the percentage ownership held by Telenet Group Holding.

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Current assets	3,976	2,633
Non-current assets	71	142
Total assets	**4,047**	**2,775**
Current liabilities	3,411	1,996
Non-current liabilities	—	—
Equity	636	779
Total liabilities	**4,047**	**2,775**

	For the year ended December 31, 2010	For the year ended December 31, 2009
	(in thousands of euro)	
Revenue	7,288	4,825
	7,288	**4,825**

5.22 INCOME TAX (BENEFIT) / EXPENSE

	For the years ended December 31,	
	2010	2009
	(in thousands of euro)	
Current tax expense	306	(829)
Deferred tax (benefit) expense (Note 5.14)	56,866	(87,899)
Income tax (benefit) / expense	**57,172**	**(88,728)**

The tax on Telenet Group Holding'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:

	Note	For the years ended December 31,	
		2010	2009
		(in thousands of euro)	
Profit before tax		146,474	144,362
Income tax expense (benefit) at the Belgian statutory rate of 33.99%		49,787	49,069
Expenses not deductible for tax purposes		32,271	3,393
Benefit of the investment deduction		(3,291)	(19,203)
Notional interest deduction		(5,070)	(8,336)
Recognition of previously unrecognised deferred tax assets	5.14	—	(124,638)
Expiration of tax losses		(3,337)	—
Adjustments recognised in the current year in relation to the filings for prior years		(3,582)	(8,197)
Utilisation of previously unrecognised tax losses		(11,738)	(1,069)
Tax losses and temporary differences for which no deferred tax asset was recognised		2,494	16,085
Other		(362)	4,168
Tax expense (benefit) for the year		**57,172**	**(88,728)**

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,	
	2010	2009
	(in thousands of euro, except share and per share data)	
Net profit attributable to the equity holders of the Company	89,302	233,090
Weighted average number of ordinary shares	112,047,884	111,160,918
Weighted average number of Class A Profit Certificates	—	126,473
Weighted average number of Class B Profit Certificates	45,874	67,562
Weighted average number of shares used in the calculation of basic earnings per share	**112,093,758**	**111,354,953**
Basic earnings per share in €	0.80	2.09

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, 2010, Telenet Group Holding had twelve 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

During the year ended December 31, 2009, Telenet Group Holding had eight 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 2008
- Warrant Plan 2009

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,	
	2010	**2009**
	(in thousands of euro, except share and per share data)	
Weighted average number of shares used in the calculation of basic earnings per share	112,093,758	111,354,953
Adjustment for:		
Class A Options	228,778	386,785
Class B Options	26,533	157,794
Warrant Plan 2007 Warrants	8,305	—
Warrant Plan 2007 bis Warrants	390,451	56,418
Warrant Plan 2008 Warrants	137,824	—
Warrant Plan 2007 ter Warrants	17,838	590
Warrant Plan 2007 quater Warrants	510,482	—
Warrant Plan 2009 Warrants	84,165	—
Warrant Plan 2007 quinquies Warrants	27,825	—
Warrant Plan 2007 sexies Warrants	16,824	—
Weighted average number of shares used in the calculation of diluted earnings per share	**113,542,782**	**111,956,540**
Diluted earnings per share in €	0.79	2.08

5.24 ACQUISITIONS OF SUBSIDIARIES

In 2010, Telenet Group Holding paid an amount of €2.3 million (2009: €6.4 million) related to the following acquisitions of subsidiaries and affiliates:

		Consideration transferred	
		For the years ended December 31,	
(in thousands of euro)	Note	2010	2009
Subsidiaries			
C-CURE NV		1,536	—
Hostbasket NV		629	—
BelCompany		—	5,810
Equity accounted investees			
Pebble Media NV	5.21	150	600
Total purchase consideration		**2,315**	**6,410**

5.24.1 C-CURE NV

On May 31, 2010, Telenet Group Holding acquired 100% of the shares of C-CURE NV, an internet security specialist. The agreed purchase price amounts to €2.2 million which has been effectively paid (€1.5 million net of cash acquired). The acquisition contract also includes earn out clauses related to revenue and EBITDA targets for which a total amount of €0.2 million has been included as a component of total purchase consideration based on management's best estimate of the fair value of this contingent consideration.

For the seven months period (from June until December 2010), C-CURE NV contributed revenue of €6.3 million and a net result of €0.6 million. If the acquisition had occurred on 1 January 2010, management estimates that the Group's consolidated revenue for the year ended December 31, 2010 would have been €1,301.7 million, and the Group's consolidated profit for that same period would have been €88.9 million.

Telenet incurred €0.04 million of direct acquisition costs associated with the transaction and these have been expensed as incurred.

In the fourth quarter of 2010, Telenet Group Holding finalized its allocation of the consideration transferred over the net assets. The effect of the acquisition on Telenet Group Holding's assets and liabilities can thus be summarized as follows:

(in thousands of euro)	Purchase Price Allocation December 31, 2010
Current assets, net of cash acquired	1,754
Property and equipment	164
Intangible assets	664
Liabilities assumed	(2,708)
Goodwill	2,598
Total purchase consideration	**2,472**

An amount of €0.7 million was allocated to intangible assets being Customer Relationship (€0.6 million) and Tradename (€0.1 million) with useful lives determined at four, respectively five years.

5.24.2 Acquisition of BelCompany

On June 30, 2009, Telenet acquired the BelCompany stores and points of sale in Belgium, a supplier of mobile telecom and related products in Belgium. Its range comprises a range of mobile phones, subscriptions, accessories and pre-paid products of various brands, as well as internet products. BelCompany stores are situated at prime locations in medium-sized and large cities, thus operating near the customer. The agreed purchase price amounts to €6.3 million net of cash acquired. Telenet capitalized €0.6 million of direct acquisition costs associated with the transaction.

In the second quarter of 2010, Telenet Group Holding finalized its determination of the total consideration and the allocation of the consideration transferred over the net assets. The effect of the acquisition on Telenet Group Holding's assets and liabilities can thus be summarized as follows:

(in thousands of euro)	Updated Purchase Price Allocation December 31, 2010	Initial Purchase Price Allocation December 31, 2009
Current assets, net of cash acquired	5,977	5,977
Property and equipment	1,633	1,633
Intangible assets	900	—
Liabilities assumed	(6,566)	(6,566)
Goodwill	4,356	5,524
Total purchase consideration	**6,300**	**6,568**

An amount of €0.9 million was allocated to intangible assets being Customer Relationship (€0.5 million) and Tradename (€0.4 million) with useful lives determined at one year, respectively two years.

5.25 NON CASH INVESTING AND FINANCING TRANSACTIONS

	For the years ended December 31, 2010	2009
	(in thousands of euro)	
Acquisition of property and equipment in exchange for finance lease obligations	18,564	17,654
Acquisition of network user rights in exchange for finance lease obligations	30,697	—

5.26 Commitments and contingencies

5.26.1 Pending litigations

Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business, as Telenet operates in a very competitive environment. Litigation could arise in connection with, amongst other things, intellectual property, advertising, campaigns, product offers, the pursuit of acquisition opportunities. Telenet discusses below certain pending lawsuits in which Telenet is involved. Other than as discussed below, Telenet does not expect the legal proceedings in which Telenet is involved or with which Telenet has been threatened to have a material adverse effect on its business or consolidated financial position. Telenet note, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

Litigation concerning the in-principle agreement concluded between Telenet and the PICs, Interkabel and INDI

On November 26, 2007, Telenet and the PICs announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers to Telenet. Subsequently, Telenet and the PICs entered into the PICs Agreement, which closed effective October 1, 2008. Beginning in December 2007, Belgacom instituted several proceedings seeking to block implementation of these agreements. It 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 and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. 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.

This appeal judgment has been confirmed by the Belgian Supreme Court (Hof van Cassatie/Cour de cassation), on September 24, 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, 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 now 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 PICs' 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 Council of State against these approvals and subsequently against the board resolutions of the PICs approving the PICs Agreement. Belgacom's efforts to suspend approval of these agreements were unsuccessful. Final judgment in the Council of State annulment cases, which may be joined, is expected to take up to two years.

It is possible that Belgacom or any third party or public authority will initiate further legal proceedings 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. 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 with 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. Meanwhile the auditor of the Belgian Council of State has advised the Council on the merits of the case to annul the BIPT decision for lack of motivation. A hearing was held on January 29, 2009 and the final judgment by the Belgian Council of State is to be expected in 2011. Belgacom has also filed a related compensation claim of €75 million before the Court of First Instance of Brussels.

Separately, Belgacom challenged the higher rates before the Commercial Court of Mechelen, alleging that the new rates constituted abusive 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, 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. 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 litigation

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.

As of December 31, 2010, Telenet retained an accrual of €1.6 million for claims of collection agencies and/or certain broadcasters (which were not directly injected in Telenet's cable network and with whom Telenet has no all rights included contracts until December 31, 2010).

Telenet remains involved in one further case involving copyright claims. 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. 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 is 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. SBS Belgium claims that Telenet has leveraged its dominant position in the wholesale market for television services to impose discriminatory terms on SBS Belgium during the negotiation of the distribution and carrier agreements entered into by and between the parties, and which expired on September 30, 2008, and to resist entering into a new distribution agreement with SBS Belgium on terms satisfactory to the latter. SBS Belgium claims €15.3 million for the broadcasting of VT4 and VijfTV until October 1, 2008 and an additional €11.3 million from October 1, 2008 up to today. SBS Belgium is also seeking an injunction from the court barring Telenet from discontinuing the broadcasting of the television channels VT4 and VijfTV. Given the limited likelihood of success on the merits, Telenet has not retained any provision in connection with SBS Belgium's claim.

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. The decision of the Court of Appeal of Antwerp on the extent of the expertise is pending.

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

Telenet Group Holding leases facilities, vehicles and equipment under cancellable and non-cancellable operating leases. The following schedule details, at December 31, 2010 and 2009, the future minimum lease payments under cancellable and non-cancellable operating leases:

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Within one year	21,363	12,237
In the second to fifth year, inclusive	25,403	25,838
Thereafter	3,806	1,321
Total minimum lease payments	**50,572**	**39,396**
Minimum lease payments recognized as an expense in the year	**24,445**	**26,340**

5.27 RELATED PARTIES

The related parties of Telenet Group Holding mainly comprise its shareholders that have the ability to exercise significant influence or control. This consisted of the Liberty Global Consortium for both 2010 and 2009. It also includes transactions with Pebble Media NV.

The following tables summarize material related party balances and transactions for the period:

5.27.1 Balance sheet

	December 31, 2010	December 31, 2009
	(in thousands of euro)	
Trade receivables	776	612
Trade payables and accrued liabilities	73	413

5.27.2 Statement of comprehensive income

	For the years ended December 31,	
	2010	2009
	(in thousands of euro)	
Operating		
Revenue	1,135	1,548
Operating expenses	(1,165)	(752)
Other operating income	22	57

5.27.3 Key management compensation

For purpose of this footnote, key management is identified as people involved in strategic orientation of Telenet Group Holding.

	For the years ended December 31,	
	2010	2009
	(in thousands of euro)	
Salaries and other short-term employee benefits	4,952	5,945
Post-employment benefits	178	201
Share-based payments (compensation cost recognized)	5,954	2,416
	11,084	**8,562**

5.28 SUBSIDIARIES

5.28.1 Subsidiaries

Details of Telenet Group Holding's subsidiaries as of December 31, 2010 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
Telenet Solutions Luxembourg S.A.	1.999.223.4426	595 Rue de Neudorf, L-2220 Luxembourg, Luxembourg	100%	Fully consolidated
Hostbasket NV	0472.225.692	Antwerpsesteenweg 19, 9080 Lochristi, Belgium	100%	Fully consolidated
T-VGAS NV	0808.321.289	Ballaerstraat 99, 2018 Antwerpen, 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	100%	Fully consolidated
Telenet International Finance S.à r.l.[(1)]		595 Rue de Neudorf, L-2220 Luxembourg, Luxembourg	100%	Fully consolidated
Telenet Luxembourg Finance Center S.à r.l.[(1)]		595 Rue de Neudorf, L-2220 Luxembourg, Luxembourg	100%	Fully consolidated

5.28.2 Other Consolidated Companies

Company	Trade Register Number	Address	% Held	Consolidation Method
Telenet Finance Luxembourg S.C.A.[(2)]	RCS B.155.894	65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg	0%	Fully consolidated
Telenet Finance Luxembourg II S.A.[(3)]	RCS B.156.414	65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg, Luxembourg	0%	Fully consolidated

1 As of August 17, 2010 Telenet International Finance and Telenet Luxembourg Finance Center were incorporated in the Telenet Group as 100% affiliates.

2 Telenet Finance Luxembourg S.C.A. (further referred to as the 'Issuer') 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 Luxembourg 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.

3 Telenet Finance Luxembourg II S.A. (further referred to as the 'Issuer') 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.

5.29 SUBSEQUENT EVENTS

- **Issuance of €300.0 million Senior Secured Notes due 2021**

Telenet Finance III Luxembourg S.C.A. (further referred to as the "Issuer" or 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 the Senior Secured Notes. The Issuer is incorporated as a corporate partnership limited by shares and is owned for 100.00% by a charitable trust.

On February 9, 2011 Telenet Finance Luxembourg III S.C.A. entered into a Global Note offering (the "Senior Secured Notes due 2021") of €300 million under its existing credit facility (the "2010 Amended Senior Credit Facility"). This transaction is the next step in a further optimization of Telenet's capital structure and improvement of the debt repayment schedules. Telenet Group Holding intended to use the net proceeds from this new debt issuance to repay in full or in part outstanding amounts under Term Loans J, K and L1 of the 2010 Amended Senior Credit Facility.

The Senior Secured Notes due 2021 were issued on February 9, 2011 and all cash was received on February 15, 2011. The Senior Secured Notes have a principal value of €300.0 million and were issued at par. The interest rate on the Senior Secured 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 Notes is February 15, 2021.

On February 28, 2011, Telenet proceeded with the full early redemption of existing Term Loans K and L1 for an aggregate amount of €366.5 million. To this end, Telenet used €286.5 million of cash and cash equivalents. The remaining €80.0 million of participations and commitments was extended into Term Loan G2 with improved maturity and economics, similar to the current Term Loan G. Through these operations, Telenet Group Holding further improved its debt maturity profile.

- **Telenet filed its consultation documents with the regulators**

On February 18, 2011, Telenet filed the consultation documents with the VRM, CSA and BIPT as a response to their draft proposal to introduce certain remedies for analog and digital cable TV and broadband internet services in Belgium. Telenet concluded that the proposed measures are without merit and disproportionate.

- **T-VGAS to focus on online gaming and print — GUNK TV discontinued from 31 March 2011**

On February 18, 2011, the board of directors of T-VGAS decided to suspend the activities of GUNK TV as of March 31, 2011. The online gaming site 9Lives will continue and together with GUNK magazine will become part of the Telenet portfolio from April 1, 2011 onwards. The decision was taken in response to sub-par financial results from GUNK TV since the launch on May 1, 2009.

5.30 EXTERNAL AUDIT

The general shareholders' meeting of May 29, 2008 appointed KPMG Bedrijfsrevisoren CVBA ("KPMG"), represented by Jos Briers, as statutory auditor of Telenet Group Holding 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 Telenet Group Holding's audit committee and board of directors.

Audit and audit related fees for 2010 in relation to services provided by KPMG Bedrijfsrevisoren amounted to EUR 711.370 (2009: EUR 611.170), which was composed of audit services for the annual financial statements of EUR 521.650 (2009: EUR 515.650) and audit related services of EUR 189.720 (2009: EUR 95.520). Audit related services mainly relate to services incurred in connection with a series of bonds issues, attestation reports required by Belgian Company Law as well as other ad hoc attestation reports.

Audit and other fees for 2010 in relation to services provided by other offices in the KPMG network amounted to EUR 62.197 (2009: EUR 0), which was composed of audit services for the annual financial statements of EUR 20.000 (2009: EUR 0) and audit related services of EUR 42.197 (2009: EUR 0). Audit related services mainly relate to services incurred in connection with a series of bonds issues.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditor's report to the general meeting of shareholders of Telenet Group Holding NV on the consolidated financial statements for the year ended December 31, 2010

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment and information.

Unqualified audit opinion 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 accounts comprise the consolidated statement of financial position as at 31 December 2010 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 3.692.680 and the consolidated statement of comprehensive income shows a profit for the year of EUR'000 89.302.

Board of directors' Responsibility for the Consolidated Financial Statements

The board of directors of the company 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.

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, legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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 accounting estimates made by the board of directors as well as the overall presentation of the consolidated financial statements. Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit.

We believe that the audit evidence we have obtained provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net worth and consolidated financial position as at 31 December 2010 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.

Additional comment and information

The preparation of the management report on the consolidated financial statements and its content are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comment and information, which do not modify our audit opinion on the consolidated financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- As disclosed in the notes to the consolidated financial statements, the accounting policies applied when preparing these consolidated financial statements have been modified compared to the previous year.

Brussels, March 29, 2011

KPMG Bedrijfsrevisoren—Réviseurs d'Entreprises
Statutory auditor
represented by

Jos Briers

Réviseur d'Entreprises / Bedrijfsrevisor

ANNEX A

COPY OF THE SENIOR CREDIT FACILITY AGREEMENT

CONFORMED COPY

AGREEMENT

UP TO €2,300,000,000
CREDIT FACILITIES

FOR

TELENET BIDCO NV

ARRANGED BY

ABN AMRO BANK N.V.
BNP PARIBAS S.A.
J.P. MORGAN PLC

WITH

TORONTO DOMINION (TEXAS) LLC
as Facility Agent

AND

KBC BANK NV
as Security Agent

Originally dated 1 August 2007 and as amended and restated by supplemental agreements dated 22 August 2007, 11 September 2007, 8 October 2007, 23 June 2009 and 25 August 2009 and 4 October 2010

Allen & Overy

Allen & Overy LLP

0033351-0001866 BK:11478503.7

CONTENTS

THIS AGREEMENT is dated 1 August 2007

BETWEEN:

(1) **TELENET BIDCO NV** (HR Mechelen 89835, Enterprise No. 0473.416.418) as original borrower (in this capacity, the **Original Borrower**);

(2) **THE PARTIES** listed in Part 1 of Schedule 1 (Original Parties) as original guarantors (in this capacity, each an **Original Guarantor** and together the **Original Guarantors**);

(3) **ABN AMRO BANK N.V., BNP PARIBAS S.A.,** and **J.P. MORGAN PLC** as mandated lead arrangers (in this capacity each a **Mandated Lead Arranger** and together the **Mandated Lead Arrangers**);

(4) **THE FINANCIAL INSTITUTIONS** listed in Part 2 of Schedule 1 (Original Parties) as initial original lenders (the **Initial Original Lenders**);

(5) **TORONTO DOMINION (TEXAS) LLC** as facility agent (in this capacity the **Facility Agent**); and

(6) **KBC BANK NV** as security agent (in this capacity, the **Security Agent**).

IT IS AGREED as follows:

1. INTERPRETATION

1.1. Definitions

In this Agreement:

Accession Agreement means a letter, substantially in the form of Schedule 10 (Form of Accession Agreement), with such amendments as the Facility Agent may approve or reasonably require.

Accounting Principles means accounting principles and practices generally applied in Belgium, including IFRS, as the same are from time to time in force or applied.

Acquisition means the acquisition by the Company of 100 per cent. of the issued share capital of MixtICS NV on 9 August 2002.

Acquisition Business Plan means, in respect of a Majority Acquisition or JV Minority Acquisition, a business plan for the Target to be acquired which has been reviewed by PricewaterhouseCoopers (or such other leading firm of independent and internationally recognised consultants or accountants appointed by the Company) and which sets out the management plan for the period from the date of the proposed Majority Acquisition or JV Minority Acquisition (as applicable) (taking into account the Acquisition Cost of such Majority Acquisition or JV Minority Acquisition and financial projections relating to the Target) up to and including the latest Final Maturity Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan dated on or about the date of this Agreement.

Acquisition Cost means, in relation to a Majority Acquisition and a JV Minority Acquisition, the value of the consideration for that Majority Acquisition or JV Minority Acquisition (as applicable) at the time of completion of the Majority Acquisition or JV Minority Acquisition and for this purpose:

(a) the value at the time of completion of the Majority Acquisition or JV Minority Acquisition of any consideration to be paid or delivered after the time of completion of the Majority Acquisition or JV Minority Acquisition will be determined in accordance with the Accounting Principles;

(b) if the entity acquired becomes a member of the Group as a result of the Majority Acquisition, the aggregate principal amount of Financial Indebtedness of any entity acquired outstanding at the time of completion of the Majority Acquisition (including without limitation any Lending Transaction (as defined in Clause 19.15(f) (Loans and guarantees) made by a member of the Group in connection with the relevant Majority Acquisition) will be counted as part of the consideration for that Majority Acquisition;

(c) if the entity acquired does not become a member of the Group as a result of the JV Minority Acquisition, the aggregate principal amount of Financial Indebtedness of the entity acquired at the time of completion of the JV Minority Acquisition will be counted as part of the consideration for that JV Minority Acquisition to the extent of the aggregate principal amount of the payment and repayment obligations in respect of such Financial Indebtedness assumed or guaranteed by any member of the Group; and

(d) subject to paragraphs (a), (b) and (c) above, the value at the time of completion of the Majority Acquisition or JV Minority Acquisition of any non-cash consideration will be determined in accordance with the Accounting Principles,

expressed in euros, if required, using the Agent's Spot Rate of Exchange on the date of completion of the relevant Majority Acquisition or JV Minority Acquisition.

Additional Borrower means a member of the Group which becomes a Borrower after the date of this Agreement pursuant to Clause 27.7 (Additional Borrowers).

Additional Guarantor means a member of the Group which becomes a Guarantor after the date of this Agreement pursuant to Clause 27.8 (Additional Guarantors).

Additional Obligor means an Additional Borrower or an Additional Guarantor.

Administrative Party means a Mandated Lead Arranger or an Agent and, where the context so admits or requires, includes each of them.

Affiliate means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.

Agent means the Facility Agent or the Security Agent.

Agent's Spot Rate of Exchange means the spot rate of exchange as determined by the Facility Agent for the purchase of euros in the London foreign exchange market with the relevant currency in which any part of the Acquisition Cost for a Majority Acquisition or JV Minority Acquisition is incurred at or about 11.00 a.m. on a particular day.

Annuity Fees means the amounts payable by Vlaanderen to Interkabel Vlaanderen CVBA pursuant to Sections 5, 6 and 7 of the contribution deed dated 23 September 1996 pursuant to which Interkabel Vlaanderen CVBA effected a contribution in kind of usage rights to a cable network to Vlaanderen, as amended on 28 May 1998.

Anti-Terrorism Law means each of:

(a) Executive Order No. 13224 of 23 September 2001—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the **Executive Order**);

(b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (commonly known as the USA Patriot Act);

(c) the Money Laundering Control Act of 1986, Public Law 99-570; and

(d) any similar law enacted in the United States of America subsequent to the date of this Agreement.

Approved Stock Options means any options, warrants, rights to purchase or other equivalents (however designated) issued or granted by a member of the Group to any former, present or future officers, consultants, directors and/or employees of any member of the Group or its Affiliates to subscribe for share capital or similar rights of ownership in that member of the Group provided that the maximum aggregate amount of such options, warrants, rights to purchase or other equivalents (however designated) shall not exceed 3 per cent. of its issued share capital.

Auditors means PricewaterhouseCoopers or such other firm of independent public accountants of international standing which may be appointed by the Company in accordance with this Agreement as its auditors.

Availability Period means:

(a) in the case of the Term Loan A Facility, the Term Loan B1 Facility, and with respect to the first €462,500,000 available to be drawn under the Term Loan C Facility, the period from and including the date of this Agreement to and including 31 October 2007;

(b) in the case of any amount of the Term Loan C Facility in excess of the first €462,500,000 drawn, the period from and including the date of this Agreement to and including the date falling 6 months after the date of this Agreement (or such other date as may be agreed in writing between the Majority Term Loan C Facility Lenders and the Company);

(c) in the case of the Term Loan B2A Facility, the period from and including the date of this Agreement to and including 30 June 2010 (or such other date as may be agreed in writing between the Majority Term Loan B2A Facility Lenders and the Company);

(d) in the case of the Term Loan B2B Facility, the period from and including the date of this Agreement to and including 30 June 2009 (or such other date as may be agreed in writing between the Majority Term Loan B2B Facility Lenders and the Company);

(e) in the case of the Revolving Facility, the period from and including the date of this Agreement to and including the date falling one month before the Revolving Facility Final Maturity Date; and

(f) in the case of a Telenet Additional Facility, the period agreed between the Company and the relevant Telenet Additional Facility Lenders in the applicable Telenet Additional Facility Accession Agreement.

Basel II Costs means any amount referred to in paragraph (c) of Clause 12.2 (Exceptions).

Belgacom Interconnect Agreement means the interconnection agreement with Belgacom N.V. dated 19 December 1997.

Beneficiaries has the meaning given to it in the Intercreditor Agreement.

Borrower means the Original Borrower or an Additional Borrower.

Break Costs means the amount (if any) which a Lender is entitled to receive under Clause 24.3 (Break Costs).

Business means any business of the Group:

(a) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under this Agreement), operation, utilisation and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony, Internet services and content, high speed data transmission, video, multi-media and related activities); or

(b) that supports, is incidental to or is related to any such business; or

(c) that comprises being a Holding Company of one or more persons engaged in such business,

and references to **business** or **ordinary course of business** shall be similarly construed.

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in London, Paris and Brussels and which is also a TARGET Day.

Business Plan means:

(a) the business plan of the Group delivered to the Facility Agent by the Company dated on or about the date of this Agreement; or

(b) any revised business plan of the Group delivered to the Facility Agent by the Company after the date of this Agreement.

Capital Expenditure means any expenditure which is or will be treated as a capital expenditure in the audited consolidated financial statements of the Group in accordance with the Accounting Principles.

change of control has the meaning given to it in Clause 7.2 (Mandatory prepayment—change of control).

Clientele Fees means the fees payable by a member of the Group to Interkabel Vlaanderen CVBA pursuant to a clientele fee agreement dated 23 September 1996 as amended on 28 May 1998.

Closing Date means the date of first utilisation under the Facilities.

Code means the United States Internal Revenue Code of 1986, as amended and any rule or regulation issued thereunder from time to time in effect.

Commitment means a Term Loan A Facility Commitment, a Term Loan B1 Facility Commitment, a Term Loan B2A Facility Commitment, a Term Loan B2B Facility Commitment, a Term Loan C Facility Commitment, a Revolving Facility Commitment or a Telenet Additional Facility Commitment and, where the context so admits or requires, includes each of them.

Company means Telenet BidCo NV (a company registered in Belgium with registration number HR Mechelen 89835, Enterprise No. 0473.416.418).

Company Share Pledge means the share pledge agreement entered into or to be entered into between (amongst others) Holdco and the Security Agent over Holdco's entire shareholding in the Company.

Compliance Certificate means a certificate substantially in the form of Schedule 9 (Form of Compliance Certificate) setting out, among other things, calculations of the financial covenants.

Consolidated Annualised EBITDA means, in the case of a Measurement Period Consolidated EBITDA for the two financial quarters ending on the last day of that Measurement Period multiplied by two.

Consolidated Cash and Cash Equivalents means, at any time:

(a) cash in hand or on deposit with any acceptable bank which, in either case, is remittable to the Kingdom of Belgium;

(b) certificates of deposit, maturing within one year after the relevant date of calculation, issued by an acceptable bank;

(c) any investment in marketable obligations issued or guaranteed by the government of the United States of America, the U.K. or the Kingdom of Belgium or by an instrumentality or agency of the government of the United States of America, the U.K. or the Kingdom of Belgium having an equivalent credit rating;

(d) open market commercial paper:

  (i) for which a recognised trading market exists;

  (ii) issued in the United States of America, the U.K. or the Kingdom of Belgium;

  (iii) which matures within one year after the relevant date of calculation; and

  (iv) which has a credit rating of A-1 or higher by S&P and P-1 or higher by Moody's, or, if no rating is available in respect of the commercial paper or indebtedness, the issuer of which has, in respect of its long-term debt obligations, a rating of AA or higher by S&P and Aa2 or higher by Moody's; or

(e) any other instrument, security or investment approved by the Majority Lenders,

in each case, to which any member of the Group is beneficially entitled at that time and is capable of being applied against Consolidated Total Borrowings. An acceptable bank for this purpose is a commercial bank or trust company which has a rating of A or higher by S&P and A-2 or higher by Moody's or a comparable rating from a nationally recognised credit rating agency for its long-term debt obligations.

Consolidated EBITDA means the consolidated net pre-taxation profits of the Reporting Group for a Measurement Period:

(a) including the net pre-taxation profit or loss of a member of the Reporting Group or business or assets acquired during that Measurement Period for the part of that Measurement Period when it was not a member of the Reporting Group and/or the business or assets were not owned by a member of the Reporting Group; but

(b) excluding the net pre-taxation profit or loss attributable to any member of the Reporting Group or to any business or assets sold during that Measurement Period,

and all as adjusted by (to the extent included in paragraph (a) or (b) above or):

(i) adding back all interest and periodic finance charges, including acceptance commission, commitment fee and the interest element of rental payments on finance or capital lease payments (whether, in each case, paid, payable or accrued) incurred by the Reporting Group in that period;

(ii) adding back or deducting any loss or gain attributable to minority interests; and

(iii) adding back depreciation, amortisation and any other non-cash charges.

Consolidated Total Borrowings means, in respect of the Reporting Group, at any time, the aggregate of the following:

(a) the outstanding principal amount of any moneys borrowed (including for the avoidance of doubt any interest that has been capitalised under such borrowings);

(b) the outstanding principal amount of any acceptance under any acceptance credit;

(c) the outstanding principal amount of any bond, note, debenture, loan stock or other similar instrument;

(d) the capitalised element of indebtedness under any Finance Lease;

(e) the outstanding principal amount of all moneys owing in connection with the sale or discounting of receivables (otherwise than on a non-recourse basis);

(f) the outstanding principal amount of any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset other than any trade credit on normal commercial terms deferred for no more than 90 days;

(g) any fixed or minimum premium amount on the scheduled repayment or scheduled redemption of any instrument referred to in paragraph (c) above;

(h) the outstanding principal amount of any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;

(i) the outstanding principal amount of any indebtedness in respect of any counter-indemnity obligation of a type referred to in paragraph (i) of the definition of Financial Indebtedness; and

(j) the outstanding principal amount of any indebtedness of any person other than a member of the Group of a type referred to in paragraphs (a)—(i) above which is the subject of a guarantee, indemnity or similar assurances against financial loss given by a member of the Group,

and so that where any amount falls within more than one of the preceding paragraphs, that amount shall be included only once.

Dangerous Substance means any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) which, taking into account the concentrations and quantities present and the manner in which it is being used or handled, it is reasonably foreseeable will cause harm to man or any other living organism or damage to the Environment including any controlled, special, hazardous, toxic, radioactive or dangerous waste.

Default means:

(a) an Event of Default; or

(b) an event or circumstance which would be (with the expiry of a grace period or the giving of notice) an Event of Default.

Deferral means an Equity Funded Deferral, as repaid or prepaid from time to time, and any refinancing thereof.

Deferral Debt has the meaning given to that term in paragraph (o) of the definition of Permitted Financial Indebtedness in this Clause 1.1.

Designated Party means any person listed:

(a) in the Annex to the Executive Order;

(b) on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury; or

(c) in any successor list to either of the foregoing.

Double Tax Treaty means any convention between the government of the Kingdom of Belgium and any other government for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains.

Environment means the media of air, water and land (wherever occurring) and in relation to the media of air and water includes, without limitation, the air and water within buildings and the air and water within other natural or man-made structures above or below ground and any water contained in any underground strata.

Environmental Approval means any authorisation required by an Environmental Law.

Environmental Claim means any claim by any person in connection with:

(a) a breach, or alleged breach, of an Environmental Law;

(b) any accident, fire, explosion or other event of any type involving an emission or substance which is capable of causing harm to any living organism or the environment; or

(c) any other environmental contamination,

which might result in any liability on any Party.

Environmental Law means any law or regulation concerning:

(a) the protection of health and safety;

(b) the environment; or

(c) any emission or substance which is capable of causing harm to any living organism or the environment.

Equity Funded Deferrals means any cash element of the consideration payable in respect of the Acquisition, subject to an aggregate maximum principal amount of €198,000,000, payment of which is deferred.

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

ERISA Affiliate means each trade or business, whether or not incorporated, that would be treated as a single employer with any member of the Group under section 414 of the United States Internal Revenue Code of 1986, as amended. When any provision of this Agreement relates to a past event, the term **ERISA Affiliate** includes any person that was an ERISA Affiliate of a member of the Group at the time of that past event.

EURIBOR means for a Term of any Loan or overdue amount denominated in euro:

(a) the applicable Screen Rate; or

(b) if no Screen Rate is available for that Term of that Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates as supplied to the Facility Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of 11.00 a.m. (Paris time) on the Rate Fixing Day for the offering of deposits in euro for a period comparable to that Term.

euro means the single currency of the Participating Member States.

Event of Default means an event specified as such in Clause 20 (Default).

Existing Notes Security means the existing security entered into in connection with the Senior Notes and Senior Discount Notes as set out at in Schedule 8 (Existing Notes Security).

Existing Security means the existing security entered into in connection with the Existing Senior Facility as set out in Schedule 6 (Existing Security).

Existing Security Document means an agreement or instrument in respect of Existing Security.

Existing Security Provider means an Original Obligor, SuperHoldco, Holdco or Vlaanderen.

Existing Senior Facility means the €1,000,000,000 credit facilities provided to the Company pursuant to a credit agreement dated 10 May 2006 between (amongst others) the Company and KBC Bank NV as security agent.

Existing Share Pledge means each existing share pledge agreement as set out in Schedule 7 (Existing Share Pledges).

Facility means the Term Loan A Facility, the Term Loan B1 Facility, the Term Loan B2A Facility, the Term Loan B2B Facility, the Term Loan C Facility, the Revolving Facility and each Telenet Additional Facility and, where the context so admits or requires, includes each of them.

Facility Office means the office notified by a Lender to the Facility Agent:

(a) on or before the date it becomes a Lender; or

(b) by not less than five Business Days' notice,

as the office(s) through which it will perform its obligations under this Agreement.

Fee Letter means any letter entered into by reference to this Agreement between one or more Administrative Parties and an Obligor setting out the amount of certain fees referred to in this Agreement.

Final Maturity Date means:

(a) the Term Loan A Facility Final Maturity Date;

(b) the Term Loan B1 Facility Final Maturity Date;

(c) the Term Loan B2A Facility Final Maturity Date;

(d) the Term Loan B2B Facility Final Maturity Date;

(e) the Term Loan C Facility Final Maturity Date; or

(f) the Revolving Facility Final Maturity Date; or

(g) the Final Maturity Date as set out in any Telenet Additional Facility Accession Agreement.

Finance Document means:

(a) this Agreement;

(b) a Security Document;

(c) a Fee Letter;

(d) the Intercreditor Agreement;

(e) each Telenet Additional Facility Accession Agreement;

(f) the Hedging Letter;

(g) a Hedging Document;

(h) any subordination agreement relating to Subordinated Shareholder Loans;

(i) the Syndication Letter;

(j) a Transfer Certificate;

(k) an Accession Agreement;

(l) a Resignation Request; or

(m) any other document designated as such by the Facility Agent and the Company.

Finance Lease means any contract treated as a finance or capital lease in accordance with Accounting Principles.

Finance Party means a Lender, a Hedging Bank or an Administrative Party.

Financial Indebtedness means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks;

(b) any acceptance credit (including any dematerialised equivalent);

(c) any bond, note, debenture, loan stock or other similar instrument;

(d) any Finance Lease provided that indebtedness in respect of network leases shall only be included in this paragraph (d) for the purposes of Clause 20.5 (Cross-default and cross acceleration);

(e) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis);

(f) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that assets;

(g) (for the purposes of Clause 20.5 (Cross-default and cross acceleration) only) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, at any time, the then marked to market value of the derivative transaction will be used to calculate its amount);

(h) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;

(i) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or

(j) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs,

provided that indebtedness which has been cash-collateralised shall not be included in any calculation of Financial Indebtedness to the extent so cash-collateralised and indebtedness which is in the nature of equity (other than redeemable shares) shall not be regarded as Financial Indebtedness.

Funds Flow Statement means a funds flow statement in agreed form continuing details of the flow of funds on the Closing Date.

Group means the Company and its Subsidiaries other than a Non-Recourse Subsidiary.

Guarantor means an Original Guarantor or an Additional Guarantor.

Hedging Bank has the meaning given to it in the Intercreditor Agreement.

Hedging Document has the meaning given to it in the Intercreditor Agreement.

Hedging Letter has the meaning given to that term in Part 1 of Schedule 2 (Conditions Precedent Documents).

Holdco means Telenet Communications NV (a company registered in Belgium with registration number HR Mechelen 090032, Enterprise No. 0473.416.814).

Holding Company of any other person, means a company in respect of which that other person is a Subsidiary.

IFRS means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Increased Cost means:

(a) an additional or increased cost;

(b) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital; or

(c) a reduction of an amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Information Memorandum means the document in the form approved by the Company which, at the request of the Company was prepared in relation to this Agreement and distributed by the Mandated Lead Arrangers in connection with the syndication of the Facilities.

Information Package means the Information Memorandum and the written materials to be provided/presented to certain prospective lenders at a management presentation meeting prior to the bank presentation meeting and/or to prospective lenders at the bank presentation meeting to be held on or shortly after the date of this Agreement in relation to the Facilities.

Infosys Technologies Agreement means the software services agreement with Infosys Technologies Limited dated 19 April 2001.

Intellectual Property Rights means all know-how, patents, trademarks, service marks, designs, business names, domain names, topographical or similar rights, copyrights, database rights and other intellectual property rights and any interests (including by way of licence) in any of the foregoing (in each case whether registered or not and including all applications for the same) of any member of the Group.

Intercreditor Agreement means the intercreditor agreement entered into or to be entered into between (amongst others) the Facility Agent (on behalf of all of the Finance Parties), the Security Agent and the Obligors.

Interest means, for any period, all interest and periodic financing charges (including, without limitation, acceptance commission or commitment fees, and the interest element of Finance Leases entered into after the date of this Agreement) accrued during that period.

Interkabel Acquisition means (1) the acquisition by a member of the Group of the analogue and digital television business (including customer base) and certain or all assets related to this business and/or (2) the lease by a member of the Group of certain assets related to this business from:

(a) Provinciale Intercommunale Elektriciteitsmaatschappij van Limburg Interelectra (INTERELECTRA) and Intermedia (INTERMEDIA);

(b) West-Vlaamse Energie-en Teledistributiemaatschappij (WVEM);

(c) Provinciale Brabantse Energiemaatschappij (PBE);

(d) Interkommunale voor Teledistributie van het Gewest Antwerpen (Integan);

(e) Interkabel Vlaanderen CVBA; and

(f) IN.DI.

Interkabel Contribution Deed means the notarial deeds passed before notary Kiebooms on 23 September 1996 and 18 May 1998 whereby Interkabel Vlaanderen CV contributed usage rights over the PICs cable networks to Vlaanderen.

Joint Venture means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

Lender means:

(a) an Original Lender;

(b) any Telenet Additional Facility Lender; or

(c) any person which becomes a Lender after the date of this Agreement.

LIBOR means for a Term of any Loan or overdue amount denominated in U.S. Dollars:

(a) the applicable Screen Rate; or

(b) if no Screen Rate is available for that Term of that Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market,

as of 11:00 am (London time) on the Rate Fixing Day for the offering of deposits in U.S. Dollars for a period comparable to that Term.

Licence means each approval, consent, authorisation and licence from, and all filings, registrations and agreements with any governmental or regulatory authority, in each case granted, issued, made or entered into pursuant to any Telecommunications and Cable Law necessary in order to enable each member of the Group to carry on its business as may be permitted by the terms of this Agreement.

Loan means a Term Loan A Facility Loan, a Term Loan B1 Facility Loan, a Term Loan B2A Facility Loan, a Term Loan B2B Facility Loan, a Term Loan C Facility Loan, a Revolving Loan or a Telenet Additional Facility Loan and, where the context so admits or requires, includes each of them.

Majority Acquisition has the meaning given in paragraph (d) of the definition of **Permitted Acquisition**.

Majority Lenders means, at any time, Lenders:

(a) whose share in the outstanding Loans and whose undrawn Commitments then aggregate two thirds or more of the aggregate of all the outstanding Loans and the undrawn Commitments of all the Lenders;

(b) if there is no Loan then outstanding, whose undrawn Commitments then aggregate two thirds or more of the Total Commitments; or

(c) if there is no Loan then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated two thirds or more of the Total Commitments immediately before the reduction,

provided that, solely for the purposes of determining whether any amendment or waiver of any term of the Finance Documents requested by the Company has been approved by the Majority Lenders, the amount of the Loans and undrawn Commitments of the Lenders referred to in paragraph (a) above shall be reduced by the amount of the Loans and undrawn Commitments of any Lender that has not, on or before the day 10 Business Days after the date such request has been notified to the Lenders by the Facility Agent, notified the Facility Agent of its decision or requested further information to enable it to make such decision, or has notified the Facility Agent that it is actively reviewing such request with a view to making such decision.

Majority Term Loan A Facility Lenders means, at any time, Term Loan A Facility Lenders:

(a) whose share in the outstanding Term Loan A Facility Loans and whose undrawn Term Loan A Facility Commitments then aggregate two thirds or more of the aggregate of all the outstanding Term Loan A Facility Loans and the undrawn Term Loan A Facility Commitments of all the Term Loan A Facility Lenders;

(b) if there is no Term Loan A Facility Loan then outstanding, whose undrawn Term Loan A Facility Commitments then aggregate two thirds or more of the Total Term Loan A Facility Commitments; or

(c) if there is no Term Loan A Facility Loan then outstanding and the Total Term Loan A Facility Commitments have been reduced to zero, whose Term Loan A Facility Commitments aggregated two thirds or more of the Total Term Loan A Facility Commitments immediately before the reduction.

Majority Term Loan B1 Facility Lenders means, at any time, Term Loan B1 Facility Lenders:

(a) whose share in the outstanding Term Loan B1 Facility Loans and whose undrawn Term Loan B1 Facility Commitments then aggregate two thirds or more of the aggregate of all the outstanding Term Loan B1 Facility Loans and the undrawn Term Loan B1 Facility Commitments of all the Term Loan B1 Facility Lenders;

(b) if there is no Term Loan B1 Facility Loan then outstanding, whose undrawn Term Loan B1 Facility Commitments then aggregate two thirds or more of the Total Term Loan B1 Facility Commitments; or

(c) if there is no Term Loan B1 Facility Loan then outstanding and the Total Term Loan B1 Facility Commitments have been reduced to zero, whose Term Loan B1 Facility Commitments aggregated two thirds or more of the Total Term Loan B1 Facility Commitments immediately before the reduction.

Majority Term Loan B2A Facility Lenders means, at any time, Term Loan B2A Facility Lenders:

(a) whose share in the outstanding Term Loan B2A Facility Loans and whose undrawn Term Loan B2A Facility Commitments then aggregate two thirds or more of the aggregate of all the outstanding Term Loan B2A Facility Loans and the undrawn Term Loan B2A Facility Commitments of all the Term Loan B2A Facility Lenders;

(b) if there is no Term Loan B2A Facility Loan then outstanding, whose undrawn Term Loan B2A Facility Commitments then aggregate two thirds or more of the Total Term Loan B2A Facility Commitments; or

(c) if there is no Term Loan B2A Facility Loan then outstanding and the Total Term Loan B2A Facility Commitments have been reduced to zero, whose Term Loan B2A Facility

Commitments aggregated two thirds or more of the Total Term Loan B2A Facility Commitments immediately before the reduction.

Majority Term Loan B2B Facility Lenders means, at any time, Term Loan B2B Facility Lenders:

(a) whose share in the outstanding Term Loan B2B Facility Loans and whose undrawn Term Loan B2B Facility Commitments then aggregate two thirds or more of the aggregate of all the outstanding Term Loan B2B Facility Loans and the undrawn Term Loan B2B Facility Commitments of all the Term Loan B2B Facility Lenders;

(b) if there is no Term Loan B2B Facility Loan then outstanding, whose undrawn Term Loan B2B Facility Commitments then aggregate two thirds or more of the Total Term Loan B2B Facility Commitments; or

(c) if there is no Term Loan B2B Facility Loan then outstanding and the Total Term Loan B2B Facility Commitments have been reduced to zero, whose Term Loan B2B Facility Commitments aggregated two thirds or more of the Total Term Loan B2B Facility Commitments immediately before the reduction.

Majority Term Loan C Facility Lenders means, at any time, Term Loan C Facility Lenders:

(a) whose share in the outstanding Term Loan C Facility Loans and whose undrawn Term Loan C Facility Commitments then aggregate two thirds or more of the aggregate of all the outstanding Term Loan C Facility Loans and the undrawn Term Loan C Facility Commitments of all the Term Loan C Facility Lenders;

(b) if there is no Term Loan C Facility Loan then outstanding, whose undrawn Term Loan C Facility Commitments then aggregate two thirds or more of the Total Term Loan C Facility Commitments; or

(c) if there is no Term Loan C Facility Loan then outstanding and the Total Term Loan C Facility Commitments have been reduced to zero, whose Term Loan C Facility Commitments aggregated two thirds or more of the Total Term Loan C Facility Commitments immediately before the reduction.

Management Fees means any management, consultancy or similar fees payable by any member of the Group to any Restricted Person.

Mandatory Cost means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 4 (Calculation of the Mandatory Cost) and shall, for the avoidance of doubt, exclude Basel II Costs.

Margin means:

(a) in respect of a Term Loan A Facility Loan, the applicable Term Loan A Facility Margin;

(b) in respect of a Term Loan B1 Facility Loan, the applicable Term Loan B1 Facility Margin;

(c) in respect of a Term Loan B2A Facility Loan, the applicable Term Loan B2A Facility Margin;

(d) in respect of a Term Loan B2B Facility Loan, the applicable Term Loan B2B Facility Margin;

(e) in respect of a Term Loan C Facility Loan, the applicable Term Loan C Facility Margin;

(f) in respect of a Revolving Loan, the applicable Revolving Facility Margin; and

(g) in respect of a Telenet Additional Facility Loan, the applicable Telenet Additional Facility Margin.

Material Adverse Effect means a material adverse effect on the ability of the Obligors (taken as a whole) to perform their payment obligations under any Finance Document.

Material Contracts means:

(a) the Belgacom Interconnect Agreement;

(b) the Infosys Technologies Agreement; and

(c) the Interkabel Contribution Deed,

in each case including any contract which might be substituted in place of any contract listed in (a) to (c) above.

Material Group Member means an Obligor or a Material Subsidiary.

Material Subsidiary means, at any time any Subsidiary of the Company (other than a Non-Recourse Subsidiary) whose gross assets, earnings before interest, depreciation, amortisation and taxes or turnover (excluding intra-group items) equal or exceed, respectively, 10 per cent. of the consolidated gross assets, earnings before depreciation, amortisation, interest and taxes or turnover of the Reporting Group (excluding intra-group items).

For this purpose:

(a) the gross assets, earnings before interest, depreciation, amortisation and taxes or turnover of a Subsidiary of the Company will be determined from its financial statements (unconsolidated if it has Subsidiaries) upon which the latest financial statements of the Reporting Group that have been delivered to the Facility Agent pursuant to Clause 17.1(a) (Financial statements) are based;

(b) if a Subsidiary of the Company becomes such a Subsidiary after the date on which the latest financial statements of the Reporting Entity have been prepared, the gross assets, earnings before depreciation, amortisation, interest and taxes or turnover of that Subsidiary will be determined from its latest financial statements;

(c) the gross assets, earnings before interest, depreciation, amortisation and taxes or turnover of the Reporting Group will be determined from its latest financial statements delivered to the Facility Agent pursuant to Clause 17.1(a) (Financial statements), adjusted (where appropriate) to reflect the gross assets, earnings before interest, depreciation, amortisation and taxes or turnover of any company or business subsequently acquired or disposed of;

(d) if a Material Subsidiary disposes of all or substantially all of its assets to another Subsidiary of the Company, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary; the subsequent financial statements of those Subsidiaries and the Company will be used to determine whether those Subsidiaries are Material Subsidiaries or not.

Maturity Date means the last day of the Term of a Revolving Loan.

Measurement Period means with respect to the first Measurement Period, the two financial quarters ending on 30 September 2007 and, thereafter, the two financial quarters ending on 31 December 31 March 30 June and 30 September of each year.

Necessary Authorisations means all material approvals, consents, authorisations and licences from, all rights granted by and all filings, registrations and agreements with, any government or other regulatory authority necessary in order to enable each member of the Group to carry on its business as may be permitted by the terms of this Agreement as carried on by it at the relevant time.

Net Proceeds means the aggregate cash (or cash equivalent) proceeds received by any member of the Group in consideration for or otherwise in respect of a relevant disposal, net of all Taxes applicable on, or to any gain resulting from, that disposal and of all reasonable costs, fees and expenses properly incurred by continuing members of the Group in arranging and effecting that disposal.

Net Total Debt means, at any time, Total Debt less Consolidated Cash and Cash Equivalents at that time.

Non-Recourse Subsidiary means a company or partnership:

(a) is a limited liability company or a limited liability partnership in which no member of the Group is the general partner;

(b) none of whose indebtedness or any other obligations benefits from any recourse whatsoever to any member of the Group in respect of the repayment or payment thereof; and

(c) which has been designated as such by the Original Borrower by written notice to the Facility Agent on or prior to its becoming a Subsidiary of the Original Borrower which notice shall be accompanied by evidence satisfactory to the Facility Agent that the requirements of paragraph (b) above will be complied with at all times in respect of that Subsidiary,

provided that the Original Borrower may, having obtained the prior consent of the Majority Lenders and having submitted a Business Plan referred to in paragraph (b) of the definition of 'Business

Plan', give written notice to the Facility Agent at any time that any Non-Recourse Subsidiary is no longer a Non-Recourse Subsidiary, whereupon it shall cease to be a Non-Recourse Subsidiary and shall, if it would be a Material Subsidiary immediately after its redesignation as a member of the Group, accede to this Agreement as an Additional Guarantor in accordance with Clause 27.8 (Additional Guarantors).

Obligor means a Borrower or a Guarantor.

Obligor Pledge of Receivables means the pledges of receivables that may be entered into between certain Obligors and the Security Agent in substantially the same form as the pledges of receivables that comprise part of the Existing Security.

Original Financial Statements means the audited consolidated financial statements of SuperHoldco for the year ended 31 December 2006 as prepared or restated in accordance with the Accounting Principles.

Original Lender means:

(a) an Initial Original Lender; and

(b) any person which has become a New Lender (as defined in Clause 27.3 (Transfers by Lenders) under a Facility other than a Telenet Additional Facility in accordance with Clause 27 (Changes to the Parties),

which in each case has not ceased to be a party in accordance with the terms of this Agreement.

Original Obligor means the Company or an Original Guarantor.

Participating Member State means a member state of the European Union that adopts or has adopted the euro as its lawful currency under the legislation of the European Economic and Monetary Union.

Party means a party to this Agreement.

Permitted Acquisition means:

(a) any acquisition by any member of the Group pursuant to a Permitted Disposal by a member of Group;

(b) any Restricted Acquisition of a member of the Group by any other member of the Group as part of the solvent reorganisation of the Group;

(c) any Restricted Acquisition of further share capital (or equivalent) of an entity which was a member of the Group immediately prior to the completion of the Restricted Acquisition;

(d) any acquisition by a member of the Group of assets, businesses and entities located principally in the Kingdom of Belgium, the Netherlands or Luxembourg or any equity interests in, or debts or securities owed or issued by any such entity, where upon completion of the acquisition the Target will be a Subsidiary of the Company or where a member of the Group will own directly or indirectly greater than a 50 per cent. interest in the assets or assets constituting the acquired business (a **Majority Acquisition**) and the principal activities of such entities are related to the Permitted Business as at the date of this Agreement and are carried out principally in Belgium, the Netherlands or Luxembourg, provided that

in the case of any Majority Acquisition where the Acquisition Cost exceeds €250,000,000 (or its equivalent), the Company provides to the Facility Agent within 15 days of the date of any such Majority Acquisition;

(i) a Business Plan prepared for the period beginning on the date of (and assuming completion of) the relevant acquisition and ending on the Final Maturity Date and which must demonstrate that, following the relevant acquisition, the Company will be able to comply with all its obligations (present and future) under Clause 18 (Financial Covenants) for the period referred to above; and

(ii) to the extent they are available to the Company, the most recent six-months management accounts of or relating to the Target, together with a certificate signed by a managing director of the Company certifying that the copy of such management accounts provided to the Facility Agent is a true copy; and

(iii) an Acquisition Business Plan; and

(iv) a certificate signed by a managing director of the Company which certifies that, if the ratio of the Net Total Debt to Consolidated Annualised EBITDA was re-calculated for the most recent Measurement Period ending prior to the date of the Majority Acquisition in respect of which financial statements have been delivered pursuant to Clause 17.1(a) (Financial statements) (the **Relevant Measurement Period**) but adding to the:

(A) amount of Total Debt used in such calculation any net increase in the Total Debt since the end of the Relevant Measurement Period or subtracting from the amount of Total Debt used in such calculation any net deduction in the Total Debt (in each case taking into account the amount of Total Debt used to fund the Acquisition Cost); and

(B) Consolidated Annualised EBITDA, the annualised earnings before interest, tax, depreciation and amortisation of the Target for the Relevant Measurement Period,

the ratio of Net Total Debt to Consolidated Annualised EBITDA would be less than 5.0:1;

(e) acquisitions of Consolidated Cash and Cash Equivalents; and

(f) acquisitions permitted by the Majority Lenders,

provided that:

(i) in the case of any acquisition falling within paragraphs (a), (d) and (f) above (other than any acquisition of Consolidated Cash or Cash Equivalents) no Event of Default has occurred and is continuing at the time of such proposed acquisition; and

(ii) in the case of any acquisition of any company or partnership, such company is a company incorporated with limited liability or is a limited liability partnership provided that the acquisition does not include the acquisition of the general partner of that limited liability partnership.

Permitted Business means the carrying on of the Business principally in Belgium, the Netherlands or Luxembourg.

Permitted Disposal means:

(a) any disposal (including, for the avoidance of doubt, the outsourcing of activities that support or are incidental to the Permitted Business) of assets on arm's length commercial terms in the ordinary course of business;

(b) any disposal of property or other assets on bona fide arm's length commercial terms in the ordinary course of business in consideration for, or to the extent that the Net Proceeds of disposal are applied within 120 days after such disposal in the acquisition of, property or other assets of a similar nature and approximately equal value to be used in the Permitted Business;

(c) the disposal of assets in exchange for other assets similar or superior as to type, value or quality;

(d) any disposal of assets on bona fide arm's length commercial terms where such assets are obsolete or no longer required for the purposes of the Permitted Business;

(e) the application of cash in payments which are not otherwise restricted by the terms of this Agreement and the Security Documents including, for the avoidance of doubt, Permitted Acquisitions and Permitted Payments;

(f) disposals (or the payment of management, consultancy or similar fees):

(i) by an Obligor to another Obligor; or

(ii) from a member of the Group which is not an Obligor, to an Obligor; or

(iii) from an Obligor to another member of the Group which is not an Obligor;

(g) disposals arising as a result of any Permitted Security Interest;

(h) disposals made in connection with Approved Stock Options;

(i) the payment, transfer or other disposal of consideration for any Majority Acquisition, merger or consolidation permitted by Clause 19.10 (Acquisitions and mergers);

(j) the grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit, in each case on arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Group;

(k) the payment, transfer or other disposal between members of the Group constituting consideration or investment for or towards or in furtherance of any Permitted Acquisition, Permitted Joint Venture or a merger or consolidation permitted by Clause 19.10 (Acquisitions and mergers);

(l) the granting of operating leases or licences of real property on arm's length terms;

(m) any disposal made as part of a Permitted Transaction;

(n) disposals required by law or under the authority of any government or agency; and

(o) any disposal (in addition to those described in paragraphs (a) to (n) above) of any asset, the annualised earnings before interest, tax, depreciation and amortisation attributable to which for the most recent Measurement Period ending immediately prior to the date of that disposal (**Annualised EBITDA**), when aggregated with the Annualised EBITDA attributable to all other disposals of assets other than those described in paragraphs (a) to (n), does not exceed 15% of the Consolidated Annualised EBITDA for that most recent Measurement Period (the **Disposal Cap**). The Disposal Cap shall be re-credited by a percentage amount equal to the percentage which the Annualised EBITDA attributable to any Permitted Acquisition (annualised for the financial year of the Company in which such Permitted Acquisition is completed) represents of the Consolidated Annualised EBITDA of the Group in that financial year (taking into account such Permitted Acquisition), provided that the Disposal Cap may never exceed an amount equal to 15% of the Consolidated Annualised EBITDA for that most recent Measurement Period.

Permitted Financial Indebtedness means any Financial Indebtedness:

(a) arising hereunder or under the Security Documents;

(b) permitted pursuant to Clause 19.15 (Loans and guarantees);

(c) incurred through a Subordinated Shareholder Loan made to any member of the Group;

(d) of any member of the Group arising as a result of the issue by it or a financial institution of a surety or performance bond in relation to the performance by such member of the Group of its obligations under contracts entered into in the ordinary course of its business (other than for the purpose of raising indebtedness);

(e) approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);

(f) in respect of deposits or prepayments constituting Financial Indebtedness received by any member of the Group from a customer or subscriber for its services;

(g) owing by any member of the Group being permitted Management Fees or management, consultancy or similar fees payable to another member of the Group in respect of which payment has been deferred;

(h) constituting Permitted Payments the payment of which has been deferred;

(i) of a company which is acquired by a member of the Group after the date hereof as an acquisition permitted by Clause 19.10 (Acquisitions and mergers) where such Financial Indebtedness existed at the date of completion of such acquisition provided that:

    (i) such Financial Indebtedness was not incurred in contemplation of the acquisition;

    (ii) the amount of such Financial Indebtedness is not increased beyond the amount in existence at the date of completion of the acquisition; and

    (iii) such Financial Indebtedness is discharged within six months of the date of completion of the acquisition;

(j) of any member of the Group (other than any Obligor) constituting Financial Indebtedness to all the holders (or their Affiliates) of the share capital of any such member of the Group on a basis that is substantially proportionate to their interests in such share capital (with any disproportionately large interest received by any member of the Group or any disproportionately small interest received by any person other than a member of the Group, in each case relative to its interests in such share capital, being ignored for this purpose), provided such Financial Indebtedness does not bear interest (other than by way of addition to its principal amount on a proportionate basis as described above) and is made on terms that repayment or pre-payment of such Financial Indebtedness shall only be made to each such holder:

(i) in proportion to their respective interests in such share capital (ignoring any disproportionately large interest held by any member of the Group or any disproportionately small interest received by any person other than a member of the Group, in each case relative to its interests in such share capital, for this purpose); and

(ii) only on and in connection with the liquidation or winding up (or equivalent) of such member of the Group;

(k) arising as a result of any cash pooling arrangements in the ordinary course of the Group's banking business to which any member of the Group is a party;

(l) under:

(i) a financial lease arrangement in relation to the Group's corporate headquarters at Liersesteenweg 4, Mechelen, Belgium;

(ii) the Clientele Fees or the Annuity Fees;

(iii) any other Finance Leases or guarantees thereof in respect of any assets leased by any member of the Group entered into in the ordinary course of trade of the Group in a maximum aggregate amount of €100,000,000 (provided that the maximum aggregate amount which may be incurred to fund capital expenditure other than in respect of the business acquired pursuant to the Interkabel Acquisition shall be €50,000,000);

(m) referred to in paragraph (f) of the definition of Financial Indebtedness, for which the acquisition cost of the assets is payable by a member of the Group no more than 90 days after its acquisition or possession;

(n) which is incurred by a member of the Group pursuant to or in respect of any BIPT performance bond subject to an aggregate maximum amount outstanding at any time of €20,000,000 (or its equivalent);

(o) incurred by the Company and owed to Holdco as a result of the assumption by Holdco of the Company's obligations in respect of any of the Deferrals (the **Deferral Debt**) provided that the relevant Financial Indebtedness is subordinated as a Subordinated Shareholder Loan pursuant to the Intercreditor Agreement and Holdco has entered into a Pledge of Subordinated Shareholder Loan in respect of such indebtedness; and

(p) not included in the preceding paragraphs which does not exceed in aggregate at any time €50,000,000 (or its equivalent).

Permitted Joint Venture means:

(a) any Restricted Acquisition referred to in paragraph (b) of the definition of "Permitted Acquisition" and any Acquisition as a result of a reorganisation of a person that is not a Subsidiary of the Company but in which a member of the Group has an interest, provided that such reorganisation does not result in an overall increase in the value of the Group's interest in that person, other than adjustments to the basis of any member of the Group's interest in accordance with the Accounting Principles;

(b) any acquisition by a member of the Group of assets, businesses and entities located principally in the Kingdom of Belgium, the Netherlands or Luxembourg or any equity interests in, or debts or securities owed or issued by any such entity, where upon completion of the acquisition the Target will not be a Subsidiary of the Company and where a member of the Group will own directly or indirectly no more than a 50 per cent. interest in the assets or assets constituting the acquired business (a **JV Minority Acquisition**) and the principal activities of such entities are related to the Permitted Business as at the date of this

Agreement and are carried out principally in Belgium, the Netherlands or Luxembourg, provided that in the case of any JV Minority Acquisition where the Acquisition Cost exceeds €250,000,000 (or its equivalent), the Company provides to the Facility Agent within 15 days of the date of any such JV Minority Acquisition;

(a) a Business Plan prepared for the period beginning on the date of (and assuming completion of) the relevant acquisition and ending on the Final Maturity Date and which must demonstrate that, following the relevant acquisition, the Company will be able to comply with all its obligations (present and future) under Clause 18 (Financial Covenants) for the period referred to above; and

(b) to the extent they are available to the Company, the most recent six-months management accounts of or relating to the Target, together with a certificate signed by a managing director of the Company certifying that the copy of such management accounts provided to the Facility Agent is a true copy; and

(c) an Acquisition Business Plan; and

(d) a certificate signed by a managing director of the Company which certifies that, if the ratio of the Net Total Debt to Consolidated Annualised EBITDA was re-calculated for the most recent Measurement Period ending prior to the date of the JV Minority Acquisition in respect of which financial statements have been delivered pursuant to Clause 17.1(a) (Financial statements)(the **Relevant Measurement Period**) but adding to the:

    (A) amount of Total Debt used in such calculation any net increase in the Total Debt since the end of the Relevant Measurement Period or subtracting from the amount of Total Debt used in such calculation any net deduction in the Total Debt (in each case taking into account the amount of Total Debt used to fund the Acquisition Cost); and

    (B) Consolidated Annualised EBITDA, the annualised earnings before interest, tax, depreciation and amortisation of the Target for the Relevant Measurement Period,

    the ratio of Net Total Debt to Consolidated Annualised EBITDA would be less than 5.0:1,

provided that no Event of Default has occurred and is continuing at the time of such proposed acquisition.

Permitted Payment means any distribution, dividend, transfer of assets, loan or other payment:

(a) to any Restricted Person in relation to transactions carried out on bona fide arm's length commercial terms in the ordinary course of business or on terms which are fair and reasonable and in the best interest of the Group;

(b) by way of payment of Management Fees:

    (i) which are paid on bona fide arm's length terms in the ordinary course of business to a Restricted Person; or

    (ii) of up to €15,000,000 in any financial year,

    provided that, at the time of payment, no Default is outstanding or would occur as a result of such payment;

(c) by way of payment of principal or interest on Subordinated Shareholder Loans or by way of distributions, dividends or other payments made by the Company in respect of its share capital or by way of intercompany loans described to in Clauses 3.1(a)(i) or 3.1(b)(i) provided that:

    (i) the ratio of Net Total Debt to Consolidated Annualised EBITDA is 5:1 or less prior to making the relevant payment and will be 5:1 or less after such payment has been made; and

    (ii) no Default has occurred and is continuing or would occur as a result of such payment;

(d) by way of payment to any Restricted Person of consideration for an acquisition, merger or consolidation permitted by Clause 19.10 (Acquisitions and mergers).

Permitted Security Interest means:

(a) any Security Interest created or evidenced by the Security Documents or in favour of another Obligor;

(b) any Security Interest listed in Schedule 8 (Existing Notes Security) except to the extent the principal amount secured by that Security Interest exceeds the amount stated in that Schedule and provided all such Security Interests are irrevocably and unconditionally released and discharged on or before the first Utilisation Date under this Agreement;

(c) any lien arising in the ordinary course of business by way of contract which secures indebtedness under any agreement for the supply of goods or services in respect of which payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services provided);

(d) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested by the relevant member of the Group in good faith and not yet payable for which adequate reserves have been set aside in the books of the relevant member of the Group in accordance with the Accounting Principles; or

(e) an Security Interest approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);

(f) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;

(g) any netting or set-off arrangement entered into by a member of the Group in the ordinary course of business;

(h) any Security Interest securing any Financial Indebtedness referred to in paragraph (i) of the definition of Permitted Financial Indebtedness above provided that:

  (i) such Security Interest was not created in contemplation of the acquisition of such company;

  (ii) the debt secured by such Security Interest is not increased beyond that secured at the date the company in question is acquired and such Security Interest secures only that debt; and

  (iii) such Security Interest is discharged within 12 months of completion of the relevant acquisition;

(i) Security Interests arising under agreements entered into in the ordinary course of business relating to:

  (i) network leases;

  (ii) the leasing of:

    (A) buildings;

    (B) cars; and

    (C) other operational equipment;

(j) any Security Interests causing any retention of title arrangement contained in any contract for the acquisition of any asset by a member of the Group in the ordinary course of its business from any person in the ordinary course of its business and on customary terms unless in relation to such a retention of title arrangement, there are payments of €15,000,000 or more which are overdue and unpaid; and

(k) any Security Interest securing indebtedness the amount of which (when aggregated with the amount of any other indebtedness which has the benefit of a Security Interest not allowed under the preceding sub-paragraphs) does not exceed €25,000,000 or its equivalent at any time.

Permitted Transaction means:

(a) an intra-Group re-organisation of a member of the Group (other than an Obligor) on a solvent basis (including by way of a solvent dissolution or liquidation of a Subsidiary of the

Company where all the assets of that Subsidiary remain within the ownership of an Obligor); or

(b) any other transaction agreed by the Majority Lenders.

Plan means a plan that is subject to section 302 or regulated by Title IV of ERISA maintained by any member of the Group or any ERISA Affiliate currently or at any time within the last five years, or to which any member of the Group or any ERISA Affiliate is required to make payments or contributions or has made payments or contributions within the past five years.

Pledge of Subordinated Shareholder Loans means each pledge of Subordinated Shareholder Loans entered into between certain Restricted Persons and the Security Agent and any other pledge entered into pursuant to any such pledge or the terms of this Agreement.

Pro Rata Share means:

(a) for the purpose of determining a Lender's share in a utilisation of a Facility, the proportion which its Commitment under that Facility bears to all the Commitments under that Facility; and

(b) for any other purpose on a particular date:

(i) the proportion which a Lender's share of the Loans (if any) bears to all the Loans;

(ii) if there is no Loan outstanding on that date, the proportion which its Commitment bears to the Total Commitments on that date;

(iii) if the Total Commitments have been cancelled, the proportion which its Commitments bore to the Total Commitments immediately before being cancelled; or

(iv) when the term is used in relation to a Facility, the above proportions but applied only to the Loans and Commitments for that Facility.

For the purpose of sub-paragraph (iv) above, the Facility Agent will (in its absolute discretion) determine, in the case of a dispute whether the term in any case relates to a particular Facility.

Qualifying Lender means a Lender which is:

(a) a credit institution established in a country of the European Economic Area or in a country with which the Kingdom of Belgium has concluded a Double Tax Treaty;

(b) a "non-resident saver" within the meaning of Article 105, 50 of the Royal Decree implementing the Belgian Income Tax Code 1992;

(c) a "professional investor" within the meaning of Article 105, 30 of the Royal Decree implementing the Belgian Income Tax Code 1992;

(d) in the case of a U.S. Borrower only, a Lender which is not described in Clause 11.5 (U.S. Taxes); or

(e) a company of a Member State that is associated with the Borrower within the meaning of Article 105, 60 of the Royal Decree implementing the Belgian Income Tax Code 1992.

Rate Fixing Day means:

(a) in respect of the first Term of a Loan to be made on the first Utilisation Date, the TARGET Day before the first Utilisation Date; and

(b) otherwise, the second TARGET Day before the first day of a Term,

or such other day as the Facility Agent determines is generally treated as the rate fixing day by market practice in the relevant interbank market.

Reference Banks means BNP Paribas S.A., J.P. Morgan plc and ABN AMRO Bank N.V. and any other bank or financial institution appointed as such in good faith by the Facility Agent in consultation with the Company.

Repayment Instalment means each scheduled instalment for repayment of the Term Loan B1 Facility Loans, the Term Loan B2A Facility Loans and the Term Loan B2B Facility Loans.

Repeating Representations means the representations which are deemed to be repeated under Clause 16.23 (Times for making representations and warranties).

Reportable Event means:

(a) an event specified as such in section 4043 of ERISA or any regulation promulgated thereunder, with respect to a Plan that is subject to Title IV of ERISA, other than an event in relation to which the requirement to give 30 days notice of that event is waived by any regulation; or

(b) a failure to meet the minimum funding standard under section 412 of the Code or section 302 of ERISA with respect to a Plan that is subject to such sections of the Code and ERISA, whether or not there has been any waiver of notice or waiver of the minimum funding standard under section 412 of the Code.

Reporting Entity means SuperHoldco.

Reporting Group means SuperHoldco and its Subsidiaries.

Request means a request for a Loan, substantially in the form of Schedule 3 (Form of Request).

Resignation Request means a letter in the form of Schedule 12 (Form of Resignation Request), with such amendments as the Facility Agent and the Company may agree.

Restricted Acquisition means the acquisition, whether by one or a series of transactions, (including, without limitation, by purchase, subscription or otherwise) of all or any part of the share capital or equivalent of any company or other person (including, without limitation, any partnership or joint venture) or any asset or assets of any company or other person (including, without limitation, any partnership or joint venture) constituting a business or separate line of business of that company or other person.

Restricted Payment means, in each case whether in cash, securities, property or otherwise:

(a) any direct or indirect distribution, dividend or other payment on account of any class of share capital or capital stock or other securities;

(b) any payment of principal of, or interest on, any loan; or

(c) any transfer of assets, loan or other payment,

in each case, to a Restricted Person.

Restricted Person means any Affiliate of the Borrower (other than a member of the Group).

Retranching Adjustment has the meaning given to it in Clause 26.7 (Retranching Adjustments).

Revolving Facility means the €175,000,000 revolving credit facility made available by the Lenders under Clause 2.6 (Revolving Facility) of this Agreement.

Revolving Facility Commitment means:

(a) for an Initial Original Lender, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading Revolving Facility Commitments and the amount of any other Revolving Facility Commitment it acquires; and

(b) for any other Lender, the amount of any Revolving Facility Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Revolving Facility Final Maturity Date means the seventh anniversary of the date of this Agreement.

Revolving Facility Margin means 2.125 per cent. per annum.

Revolving Loan means, unless otherwise stated in this Agreement, the principal amount of each borrowing under the Revolving Facility or the principal amount outstanding of that borrowing.

Rollover Loan means one or more Revolving Loans:

(a) to be made on the same day that a maturing Revolving Loan is due to be repaid;

(b) the aggregate amount of which is equal to or less than the maturing Revolving Loan; and

(c) to be made to the same Borrower for the purpose of refinancing a maturing Revolving Loan.

S&P means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. or any successor to its rating business.

Screen Rate means:

(a) in relation to LIBOR, the British Bankers' Association Interest Settlement Rate for the relevant currency and Term; and

(b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union,

for the relevant currency and Term displayed on the appropriate page of the Telerate screen selected by the Facility Agent. If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.

Security Document means:

(a) a Share Pledge;

(b) an Existing Security Document;

(c) any Pledge of Subordinated Shareholder Loans;

(d) any Obligor Pledge of Receivables;

(e) any other agreement or instrument under which any Obligor may from time to time grant a Finance Party a Security Interest in respect of an obligation under any Finance Document; or

(f) any other document designated as such by the Security Agent and the Company.

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

Security Provider's Deed of Accession has the meaning given to it in the Intercreditor Agreement.

Senior Discount Notes means SuperHoldco's 11.5% Senior Discount Notes due 2014.

Senior Notes means Holdco's 9% Senior Notes due 2013.

Share Pledge means:

(a) the Company Share Pledge;

(b) the Telenet Share Pledge; or

(c) the UPC Belgium Share Pledge.

Structural Adjustment has the meaning given to it in Clause 26.6 (Structural Adjustments).

Subordinated Creditor means any Restricted Person who has, at any relevant time, entered into a Pledge of Subordinated Shareholder Loans and the Intercreditor Agreement.

Subordinated Shareholder Loans means any Financial Indebtedness of any member of the Group owed to a Subordinated Creditor.

Subsidiary means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

SuperHoldco means Telenet Group Holding NV (a limited liability company registered in Belgium with registration number HR Mechelen 090008 and Enterprise No. 0477.702.333).

Supplemental Agreement means the supplemental agreement dated 23 June 2009, pursuant to which this Agreement was amended and restated.

Syndication means the primary syndication of the Facilities by the Mandated Lead Arrangers.

Syndication Letter means a syndication letter between, among others, the Mandated Lead Arrangers and the Company.

Target means any assets or entity which is or are the subject of an acquisition in accordance with the terms of this Agreement.

TARGET Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments in euro.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest imposed with respect thereto).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Tax Payment means a payment made by an Obligor to a Finance Party in any way relating to a Tax Deduction or under any indemnity given by that Obligor in respect of Tax under any Finance Document.

Telecommunications and Cable Law means all laws, statutes, regulations and judgments relating to telecommunications, cable television and data services applicable to any member of the Group and/ or the business carried on by any member of the Group in any jurisdiction in which a member of the Group is incorporated or formed or in which such member has its principal place of business or owns any material assets.

Telenet means Telenet NV (formerly Telenet Operaties NV) (a company registered in Belgium with registration number HR Mechelen 82218, Enterprise No. 0439.840.857).

Telenet Additional Facility means an additional term and/or revolving loan facility referred to in Clause 2.7 (Telenet Additional Facility) and **Telenet Additional Facilities** means all or any such Telenet Additional Facilities.

Telenet Additional Facility Accession Agreement means an agreement in the form set out in Schedule 11 (Form of Telenet Additional Facility Accession Agreement) with such amendments as the Facility Agent may approve or reasonably require.

Telenet Additional Facility Availability Period in relation to a Telenet Additional Facility means the period specified in a Telenet Additional Facility Accession Agreement for that Telenet Additional Facility.

Telenet Additional Facility Commitment means in relation to:

(a) a Telenet Initial Additional Facility Lender, the amount in euros or U.S. Dollars set out as the Telenet Additional Facility Commitment of a Lender in the relevant Telenet Additional Facility Accession Agreement and the amount of any other Telenet Additional Facility Commitment transferred to it under this Agreement; and

(b) any other Telenet Additional Facility Lender, the amount in euros or U.S. Dollars transferred to it in accordance with this Agreement,

to the extent not cancelled, transferred or reduced under this Agreement:

Telenet Additional Facility Lender means:

(a) a Telenet Initial Additional Facility Lender; and

(b) any person which has become a New Lender (as defined in Clause 27.3 (Transfers by Lenders) under a Telenet Additional Facility in accordance with Clause 27 (Changes to the Parties),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

Telenet Additional Facility Loan means the principal amount of each borrowing under a Telenet Additional Facility or the principal amount outstanding of that borrowing.

Telenet Additional Facility Margin means the percentage rate set out in the relevant Telenet Additional Facility Accession Agreement.

Telenet Group means SuperHoldco and its Subsidiaries.

Telenet Initial Additional Facility Lender means a person which becomes a Lender under a Telenet Additional Facility pursuant to Clause 2.7 (Telenet Additional Facility).

Telenet Share Pledge means the share pledge agreement entered into or to be entered into between (amongst others) the Company and the Security Agent over the Company's entire shareholding in Telenet.

Term means each period determined under this Agreement by reference to which interest on a Loan or an overdue amount is calculated.

Term Loan means a Term Loan A Facility Loan, a Term Loan B1 Facility Loan, a Term Loan B2A Facility Loan, a Term Loan B2B Facility Loan, a Term Loan C Facility Loan or a Telenet Additional Facility Loan.

Term Loan A Facility means the €530,000,000 term loan facility made available by the Lenders under Clause 2.1 (Term Loan A Facility).

Term Loan A Facility Commitment means:

(a) for an Initial Original Lender, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading Term Loan A Facility Commitments and the amount of any other Term Loan A Facility Commitment it acquires; and

(b) for any other Lender, the amount of any Term Loan A Facility Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Term Loan A Facility Final Maturity Date means the fifth anniversary of the date of this Agreement.

Term Loan A Facility Lender means a Lender under Term Loan A Facility.

Term Loan A Facility Loan means the principal amount of each borrowing under the Term Loan A Facility or the principal amount outstanding of that borrowing.

Term Loan A Facility Margin means 2.25 per cent. per annum (or such higher amount as the Majority Term Loan A Facility Lenders and the Company may agree in writing from time to time).

Term Loan B1 Facility means the €307,500,000 term loan facility made available by the Lenders under Clause 2.2 (Term Loan B1 Facility).

Term Loan B1 Facility Commitment means:

(a) for an Initial Original Lender, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading Term Loan B1 Facility Commitments and the amount of any other Term Loan B1 Facility Commitment it acquires; and

(b) for any other Lender, the amount of any Term Loan B1 Facility Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Term Loan B1 Facility Final Maturity Date means the date that is seventy-eight months after the date of this Agreement.

Term Loan B1 Facility Lender means a Lender under Term Loan B1 Facility.

Term Loan B1 Facility Loan means, unless otherwise stated in this Agreement, the principal amount of each borrowing under the Term Loan B1 Facility or the principal amount outstanding of that borrowing.

Term Loan B1 Facility Margin means 2.50 per cent. per annum (or such higher amount as the Majority Term Loan B1 Facility Lenders and the Company may agree in writing from time to time).

Term Loan B2A Facility means the €135,000,000 term loan facility made available by the Lenders under Clause 2.3 (Term Loan B2A Facility).

Term Loan B2B Facility means the €90,000,000 term loan facility made available by the Lenders under Clause 2.4 (Term Loan B2B Facility).

Term Loan B2A Facility Commitment means:

(a) for an Initial Original Lender, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading Term Loan B2A Facility Commitment and the amount of any other Term Loan B2A Facility Commitment it acquires; and

(b) for any other Lender, the amount of any Term Loan B2A Facility Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Term Loan B2B Facility Commitment means:

(a) for an Initial Original Lender, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading Term Loan B2B Facility Commitments and the amount of any other Term Loan B2B Facility Commitment it acquires; and

(b) for any other Lender, the amount of any Term Loan B2B Facility Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Term Loan B2A Facility Final Maturity Date means the date that is seventy-eight months after the date of this Agreement.

Term Loan B2B Facility Final Maturity Date means the date that is seventy-eight months after the date of this Agreement.

Term Loan B2A Facility Lender means a Lender under Term Loan B2A Facility.

Term Loan B2B Facility Lender means a Lender under Term Loan B2B Facility.

Term Loan B2A Facility Loan means, unless otherwise stated in this Agreement, the principal amount of each borrowing under the Term Loan B2A Facility or the principal amount outstanding of that borrowing.

Term Loan B2B Facility Loan means, unless otherwise stated in this Agreement, the principal amount of each borrowing under the Term Loan B2B Facility or the principal amount outstanding of that borrowing.

Term Loan B2A Facility Margin means 2.50 per cent. per annum (or such higher amount as the Majority Term Loan B2A Facility Lenders and the Company may agree in writing from time to time).

Term Loan B2B Facility Margin means 2.50 per cent. per annum (or such higher amount as the Majority Term Loan B2B Facility Lenders and the Company may agree in writing from time to time).

Term Loan C Facility means the €1,062,500,000 term loan facility made available by the Lenders under Clause 2.5. (Term Loan C Facility).

Term Loan C Facility Commitment means:

(a) for an Initial Original Lender, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading Term Loan C Facility Commitments and the amount of any other Term Loan C Facility Commitment it acquires; and

(b) for any other Lender, the amount of any Term Loan C Facility Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Term Loan C Facility Final Maturity Date means the eighth anniversary of the date of this Agreement.

Term Loan C Facility Lender means a Lender under Term Loan C Facility.

Term Loan C Facility Loan means, unless otherwise stated in this Agreement, the principal amount of each borrowing under the Term Loan C Facility or the principal amount outstanding of that borrowing.

Term Loan C Facility Margin means 2.75 per cent. per annum (or such higher amount as the Majority Term Loan C Facility Lenders and the Company may agree in writing from time to time).

Total Cash Interest means, in respect of any period, the total amount of all Interest accrued in respect of Total Debt during such period and payable in cash (either during such period or after such period) (having taken into account the effect of any Hedging Documents).

Total Commitments means:

(a) with respect to the Term Loan A Facility, the Total Term Loan A Facility Commitments;

(b) with respect to the Term Loan B1 Facility, the Total Term Loan B1 Facility Commitments;

(c) with respect to the Term Loan B2A Facility, the Total Term Loan B2A Facility Commitment;

(d) with respect to the Term Loan B2B Facility, the Total Term Loan B2B Facility Commitments;

(e) with respect to the Term Loan C Facility, the Total Term Loan C Facility Commitments;

(f) with respect to the Revolving Facility, the Total Revolving Facility Commitments; or

(g) with respect to each or all of the Telenet Additional Facilities, the Total Telenet Additional Facility Commitments,

and, where the context so admits or requires, includes each of them.

Total Debt means, at any time, the principal amount outstanding at that time of all Consolidated Total Borrowings of Super Holdco and its Subsidiaries but excluding:

(a) Subordinated Shareholder Loans; and

(b) the capitalised element of indebtedness under the Clientele Fees and the Annuity Fees, any Finance Lease entered into as at the date of this Agreement; and

(c) any indebtedness incurred under the network lease entered into in connection with the Interkabel Acquisition up to a maximum aggregate amount of €195,000,000.

Total Revolving Facility Commitments means the aggregate of the Revolving Facility Commitments of all of the Lenders, being at the date of this Agreement, the total amount specified as such in Part 2 of Schedule 1 (Original Parties).

Total Telenet Additional Facility Commitments means, with respect to the Telenet Additional Facilities, the aggregate of all of the Telenet Additional Facility Commitments of all of the Telenet Additional Facility Lenders under all of the Telenet Additional Facilities or, when applied to an individual Telenet Additional Facility, the aggregate of all the Telenet Additional Facility Commitments of all of the Telenet Additional Facility Lenders under that Telenet Additional Facility.

Total Term Loan A Facility Commitments means the aggregate of the Term Loan A Facility Commitments of all of the Lenders, being at the date of this Agreement, the total amount specified as such in Part 2 of Schedule 1 (Original Parties).

Total Term Loan B1 Facility Commitments means the aggregate of the Term Loan B1 Facility Commitments of all of the Lenders, being at the date of this Agreement, the total amount specified as such in Part 2 of Schedule 1 (Original Parties).

Total Term Loan B2A Facility Commitments means the aggregate of the Term Loan B2A Facility Commitments of all of the Lenders, being at the date of this Agreement, the total amount specified as such in Part 2 of Schedule 1 (Original Parties).

Total Term Loan B2B Facility Commitments means the aggregate of the Term Loan B2B Facility Commitments of all of the Lenders, being at the date of this Agreement, the total amount specified as such in Part 2 of Schedule 1 (Original Parties).

Total Term Loan C Facility Commitments means the aggregate of the Term Loan C Facility Commitments of all of the Lenders, being at the date of this Agreement, the total amount specified as such in Part 2 of Schedule 1 (Original Parties).

Transfer Certificate means a certificate, substantially in the form of Schedule 5 (Form of Transfer Certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.

Treasury Transaction means any derivative transaction protecting against or benefiting from fluctuations in any rate or price.

U.K. means the United Kingdom.

U.S. Borrower means any Additional Borrower under this Agreement which is incorporated or formed in or under the laws of the United States or any jurisdiction thereof, or therein (including any State or the District of Columbia) or that is engaged in the conduct of a trade or business within the United States within the meaning of the Code.

U.S. Dollars means the lawful currency for the time being of the United States.

U.S. Finance Vehicle means a member of the Group which has been incorporated specifically for the purpose of becoming a U.S. Borrower under this Agreement and whose sole function is to act as a finance vehicle for the Group.

U.S. Obligor has the meaning given to it in Clause 20.6(b).

U.S. Person means a United States person as defined by section 7701(a)(30) of the Code.

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

UPC Belgium Share Pledge means the share pledge agreement entered into or to be entered into between (amongst others) the Company and the Security Agent over the Company's entire shareholding in UPC Belgium NV.

Utilisation Date means each date on which a Facility is utilised.

Vlaanderen means Telenet Vlaanderen NV, (a company registered in Belgium with registration number HR Mechelen 83076 and Enterprise No. 0458.840.088).

1.2. Construction

(a) In this Agreement, unless the contrary intention appears, a reference to:

(i) an amendment includes a supplement, novation, restatement or re-enactment and amended will be construed accordingly;

(ii) assets includes present and future properties, revenues and rights of every description;

(iii) an authorisation includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;

(iv) disposal means a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary, and dispose will be construed accordingly;

(v) indebtedness includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money;

(vi) know your customer requirements are the identification checks that a Finance Party requests in order to meet its obligations under any applicable law or regulation to identify a person who is (or is to become) its customer;

(vii) a person includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;

(viii) a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(ix) a currency is a reference to the lawful currency for the time being of the relevant country;

(x) a Default being outstanding means that it has not been remedied or waived;

(xi) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(xii) a Clause, a Subclause or a Schedule is a reference to a clause or subclause of, or a schedule to, this Agreement;

(xiii) a Party or any other person includes its successors in title, permitted assigns and permitted transferees;

(xiv) a Finance Document or other document includes (without prejudice to any prohibition on amendments) all amendments however fundamental to that Finance Document or other document, including any amendment providing for any increase in the amount of a facility or any additional facility; and

(xv) a time of day is a reference to Paris time;

(xvi) except as provided to the contrary in this Agreement, an accounting term used in any of Clause 1.1 (Definitions), or Clause 18 (Financial Covenants) is to be construed in accordance with the Accounting Principles;

(xvii) a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrator receiver, administrator or similar officer includes a *curator/curateur, verefferaar/liquidateur, voorlopig bewindvoerder/administrateur judiciaire, commissaris inzake opschorting/commissaire au sursis and sekwester/séquestre*;

(xviii) a security interest includes a mortgage (*hypotheek/hypothèque*), a pledge (*pand/nantissement*), a privilege (*voorrecht/privilège*), a retention of title (*eigendomsvoorbehoud/réserve de propriété*), a real surety (*zakelijke zekerheid/sûreté réelle*), a transfer by way of security (*overdracht ten titel van zekerheid/transfert à titre de garantie*) and a promise or mandate to create any of the security interest mentioned above;

(xix) a person being unable to pay its debts is that person being in a state of cessation of payments (*staking van betaling/cessation de paiements*);

(xx) a composition includes *gerechtelijk akkoord/concordat judiciaire*;

(xxi) an insolvency includes *gerechtelijk akkoord/concordat judiciaire*, *faillissement/faillite*, *voorlopige ontneming van beheer/déssaisissement provisoire* and any other concurrence between creditors (*samenloop van schuldeisers/concours des créanciers*);

(xxii) a winding up, liquidation, administration or dissolution includes *vereffening/liquidation*, *ontbinding/dissolution*, *faillissement/faillite* and *sluiting van een onderneming/fermeture d'enterprise*; and

(xxiii) an attachment, sequestration, distress, execution or analogous events includes *uitvoerend beslag/saisie exécutoire* and *bewarend beslag/saisie conservatoire*.

(b) Unless the contrary intention appears, a reference to a month or months is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:

(i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);

(ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and

(iii) notwithstanding sub-paragraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.

(c) Unless expressly provided to the contrary in a Finance Document, a person who is not a party to a Finance Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Finance Document, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of any Finance Document.

(d) Unless the contrary intention appears:

(i) a reference to a Party will not include that Party if it has ceased to be a Party under this Agreement;

(ii) unless otherwise stipulated, a word or expression used in any other Finance Document or in any notice given in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement; and

(iii) any obligation of an Obligor under the Finance Documents which is not a payment obligation remains in force for so long as any payment obligation of an Obligor is or may be outstanding under the Finance Documents.

(e) The headings in this Agreement do not affect its interpretation.

2. FACILITIES

2.1. Term Loan A Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a term loan facility in an aggregate amount equal to the Total Term Loan A Facility Commitments.

2.2. Term Loan B1 Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a term loan facility in an aggregate amount equal to the Total Term Loan B1 Facility Commitments.

2.3. Term Loan B2A Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a term loan facility in an aggregate amount equal to the Total Term Loan B2A Facility Commitment.

2.4. Term Loan B2B Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a term loan facility in an aggregate amount equal to the Total Term Loan B2B Facility Commitment.

2.5. Term Loan C Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a term loan facility in an aggregate amount equal to the Total Term Loan C Facility Commitments.

2.6. Revolving Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a revolving credit facility in an aggregate amount equal to the Total Revolving Facility Commitments.

2.7. Telenet Additional Facility

(a) Any person may, subject to the terms of this Agreement, become a Lender by delivering to the Facility Agent a Telenet Additional Facility Accession Agreement in each case duly completed and executed by that person and the Borrower. That person shall become a Lender on the date specified in a Telenet Additional Facility Accession Agreement.

(b) Upon the relevant person becoming a Lender, the Total Commitments shall be increased by the amount set out in the relevant Telenet Additional Facility Accession Agreement as that Lender's Telenet Additional Facility Commitment.

(c) Each Lender will grant to the Borrower a term or revolving loan facility in the amount specified in the relevant Telenet Additional Facility Accession Agreement in euros or U.S. Dollars during the Telenet Additional Facility Availability Period specified in such Telenet Additional Facility Accession Agreement, subject to the terms of this Agreement.

(d) The execution by the Borrower of a Telenet Additional Facility Accession Agreement constitutes confirmation by each Guarantor that its obligations under Clause 15 (Guarantee and Indemnity) shall continue unaffected except that those obligations shall extend to the Total Commitments as increased by the addition of the relevant Lender's Commitment and shall be owed to each Finance Party including the relevant Lender.

(e) The Company may only arrange a Telenet Additional Facility, and paragraphs (a) to (d) above shall only take effect if:

- (i) after giving effect to the utilisation of the Total Telenet Additional Facility Commitments under such Telenet Additional Facility, the ratio of Net Total Debt to Consolidated Annualised EBITDA would not be greater than 5:1; and
- (ii) either:
  - (A) the average maturity date of the Telenet Additional Facility (taking into account any scheduled amortisation and any voluntary or mandatory cancellation which is anticipated when the Telenet Additional Facility is arranged) is no earlier than 31 July 2017; or
  - (B) after giving effect to the utilization in full of such Telenet Additional Facility the ratio of Net Total Debt to Consolidated Annualised EBITDA would not be greater than 4:1.

2.8. Overall facility limits

(a) The aggregate amount of all outstanding advances under a Telenet Additional Facility shall not at any time exceed the relevant Total Telenet Additional Facility Commitments for that Telenet Additional Facility.

(b) The aggregate amount of the participations of a Lender in advances under a Telenet Additional Facility shall not at any time exceed that Lender's Telenet Additional Facility Commitment for that Telenet Additional Facility at that time.

2.9. Nature of a Finance Party's rights and obligations

Unless all the Finance Parties agree otherwise:

(a) the obligations of a Finance Party under the Finance Documents are several;

(b) failure by a Finance Party to perform its obligations does not affect the obligations of any other Party under the Finance Documents;

(c) no Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents;

(d) the rights of a Finance Party under the Finance Documents are separate and independent rights;

(e) a Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights; and

(f) a debt arising under the Finance Documents to a Finance Party is a separate and independent debt.

2.10. Security Agent as joint creditor

(a) Each of the Obligors and each of the Finance Parties agree that the Security Agent shall be the joint and several creditor of each and every obligation of any Obligor towards each of the Finance Parties under each Finance Document, and that accordingly the Security Agent will have its own independent right to demand performance by the relevant Obligor of those obligations. However, any discharge of such obligation to either the Security Agent or a Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other.

(b) Without limiting or affecting the Security Agent's rights against any Obligor (whether under this paragraph or under any other provision of the Finance Documents), the Security Agent agrees with each other Finance Party (on a several and divided basis) that, subject as set out in the next sentence, it will not exercise its rights as a joint and several creditor with a Finance Party except after consultation with the relevant Finance Party. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Security Agent's right to act in the protection or preservation of rights under or to enforce any Security Document as contemplated by the Finance Documents (or to do any act reasonably incidental to any of the foregoing).

(c) Each of the Finance Parties hereby appoints the Security Agent as its representative in the sense of Article 5 of the Belgian Financial Collateral Act of 15 December 2004 (*Wet van 15 december 2004 betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijkzekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten*) for the purpose of creating each Share Pledge.

3. PURPOSE

3.1. Term Loan A Facility Loans, Term Loan B1 Facility Loans, Term Loan B2A Facility Loans, Term Loan B2B Facility Loans and Term Loan C Facility Loans

(a) Each Term Loan A Facility Loan, Term Loan B1 Facility Loan and Term Loan C Facility Loan (in the case of the first €462,500,000 available to be drawn under Term Loan C Facility) may only be used:

(i) to refinance by intercompany loans or repayment of amounts outstanding, the Existing Senior Facility, the Senior Discount Notes and the Senior Notes; and

(ii) to pay any fees and expenses incurred in connection with the Facilities.

(b) Any remaining Term Loan C Facility Loan may only be used:

(i) to fund a payment to the shareholders of the Company via a dividend or intercompany loan to be upstreamed to SuperHoldco to fund a capital reduction; and

(ii) for the general corporate purposes of the Group (including financing a Permitted Acquisition or Permitted Joint Venture).

(c) Any Term Loan B2A Facility Loan and Term Loan B2B Facility Loan may be used:

(i) to fund a payment to the shareholders of the Company via a dividend or intercompany loan to be upstreamed to SuperHoldco to fund a capital reduction; and

(ii) for the general corporate purposes of the Group (including financing a Permitted Acquisition or Permitted Joint Venture).

3.2. Revolving Facility Loans

Each Revolving Facility Loan may only be used for the general corporate purposes of the Group (including financing a Permitted Acquisition or Permitted Joint Venture).

3.3. Telenet Additional Facility Loans

Each Telenet Additional Facility Loan may only be used for the general corporate purposes of the Group (including funding the payment of permitted dividends or intercompany loans by the Company, financing a Permitted Acquisition and/or refinancing amounts outstanding under any other Facility (including any Telenet Additional Facility)).

3.4. No obligation to monitor

No Finance Party is bound to monitor or verify the utilisation of a Facility.

4. CONDITIONS PRECEDENT

4.1. Conditions precedent documents

The obligations of each Lender under Clause 5.4 (Advance of Loan) to make a Loan are subject to the condition precedent that the Facility Agent has notified the Company and the Lenders that it has received (or waived receipt of) all of the documents and evidence set out in Part 1 of Schedule 2 (Conditions Precedent Documents) in form and substance satisfactory to the Facility Agent. The Facility Agent must give this notification to the Company and the Lenders promptly upon being so satisfied.

4.2. Further conditions precedent

The obligations of each Lender to participate in any Loan are subject to the further conditions precedent that on both the date of the Request and the Utilisation Date for that Loan:

(a) in the case of a Rollover Loan, no Event of Default is outstanding or would result from the Loan; or

(b) in any other case:

(i) the Repeating Representations are, and will be immediately after the Loan is drawn, correct in all material respects; and

(ii) no Default is outstanding or would result from the Loan; and

(iii) no change of control has occurred where the event has not been waived by the Majority Lenders).

4.3. Initial utilisation—pro forma covenant compliance

(a) The Company may not request or obtain the first Loan under this Agreement unless the Company certifies to the Facility Agent (providing reasonable detail of the relevant calculations) that the ratio of Net Total Debt to Consolidated Annualised EBITDA, taking the amount of such Loan into account, would not be greater than 5.0:1.

(b) For the purposes of paragraph (a) above, Consolidated Annualised EBITDA shall be calculated by reference to Consolidated EBITDA for the financial quarter ending 30 June 2007 multiplied by four (with Consolidated EBITDA being calculated for that financial quarter on the same basis as Consolidated EBITDA for a Measurement Period).

4.4. Maximum number

Unless the Facility Agent agrees, a Request may not be given if, as a result, there would be more than 15 Loans outstanding.

5. UTILISATION

5.1. Giving of Requests

(a) A Borrower may borrow a Loan by giving to the Facility Agent a duly completed Request.

(b) Unless the Facility Agent otherwise agrees, the latest time for receipt by the Facility Agent of a duly completed Request is 10.00 a.m. (Paris time) one Business Day before the Rate Fixing Day for the proposed borrowing.

(c) Each Request is irrevocable.

5.2. Completion of Requests

(a) A Request for a Loan will not be regarded as having been duly completed unless:

(i) it identifies the Borrower;

(ii) it identifies the Facility the Loan applies to;

(iii) the Utilisation Date is a Business Day falling within the relevant Availability Period or the Telenet Additional Facility Availability Period (as the case may be); and

(iv) the proposed Term complies with this Agreement.

(b) Only one Loan may be requested in each Request (other than the Request in respect of the first utilisation under each Facility).

(c) No Requests may be delivered to the Facility Agent within 5 Business Days of each other.

(d) No Request for a Term Loan B1 Facility Loan may be submitted by a Borrower until the Term Loan A Facility has been drawn in full or will be drawn in full simultaneously with the relevant Term Loan B1 Facility Loan.

(e) No request for a Term Loan C Facility Loan may be submitted by a Borrower until both the Term Loan A Facility and the Term Loan B1 Facility have been drawn in full or will be drawn in full simultaneously with the relevant Term Loan C Facility Loan.

(f) No request for a Term Loan B2A Facility Loan or a Term Loan B2B Facility Loan may be submitted by a Borrower until the Term Loan A Facility, the Term Loan B1 Facility and the Term Loan C Facility have been drawn in full or will be drawn in full simultaneously with the relevant Term Loan B2A Facility Loan or Term Loan B2B Facility Loan as applicable.

5.3. Amount of Loan

(a) Except as provided below, the amount of a Loan must be a minimum amount of €5,000,000 and an integral multiple of €1,000,000.

(b) The amount of the Loan may also be the balance of the relevant undrawn Total Commitments or such other amount as the Facility Agent (acting on behalf of the Lenders) may agree.

5.4. Advance of Loan

(a) The Facility Agent must promptly notify each Lender of the details of the requested Loan and the amount of its share in that Loan.

(b) The amount of each Lender's share of the Loan will be its Pro Rata Share on the proposed Utilisation Date.

(c) No Lender is obliged to participate in a Loan if, as a result:

(i) its share in the Loans under a Facility would exceed its Commitment for that Facility; or

(ii) the Loans would exceed the Total Commitments.

(d) If the conditions set out in this Agreement have been met, each Lender must make its share in the Loan available to the Facility Agent for the relevant Borrower through its Facility Office on the Utilisation Date.

6. REPAYMENT

6.1. Repayment of Term Loan A Facility Loans

All amounts outstanding under the Term Loan A Facility must be repaid in full on the Term Loan A Facility Final Maturity Date.

6.2. Repayment of Term Loan B1 Facility Loans

(a) All amounts outstanding under the Term Loan B1 Facility must be repaid in full by three equal instalments.

(b) The first Repayment Instalment in respect of the Term Loan B1 Facility must be repaid on the date that is sixty-six months after the date of this Agreement, and subsequent Repayment Instalments in respect of the Term Loan B1 Facility must be repaid at six-monthly intervals from that date. The final Repayment Instalment in respect of the Term Loan B1 Facility must be repaid on the Term Loan B1 Facility Final Maturity Date.

6.3. Repayment of Term Loan B2A Facility Loans

(a) All amounts outstanding under the Term Loan B2A Facility must be repaid in full by three equal instalments.

(b) The first Repayment Instalment in respect of the Term Loan B2A Facility must be repaid on the date that is sixty-six months after the date of this Agreement, and subsequent Repayment Instalments in respect of the Term Loan B2A Facility must be repaid at six-monthly intervals from that date. The final Repayment Instalment in respect of the Term Loan B2A Facility must be repaid on the Term Loan B2A Facility Final Maturity Date.

6.4. Repayment of Term Loan B2B Facility Loans

(a) All amounts outstanding under the Term Loan B2B Facility must be repaid in full by three equal instalments.

(b) The first Repayment Instalment in respect of the Term Loan B2B Facility must be repaid on the date that is sixty-six months after the date of this Agreement, and subsequent Repayment Instalments in respect of the Term Loan B2B Facility must be repaid at six-monthly intervals from that date. The final Repayment Instalment in respect of the Term Loan B2B Facility must be repaid on the Term Loan B2B Facility Final Maturity Date.

6.5. Repayment of Term Loan C Facility Loans

All amounts outstanding under the Term Loan C Facility must be repaid in full on the Term Loan C Facility Final Maturity Date.

6.6. Repayment of Revolving Loans

(a) Each Borrower must repay each Revolving Loan made to it in full on its Maturity Date.

(b) Subject to the other terms of this Agreement, any amounts repaid under paragraph (a) above may be re-borrowed.

6.7. Repayment of Telenet Additional Facility Loans

Each Telenet Additional Facility Loan will be repaid on such dates as the Company and the Telenet Additional Facility Lenders may agree in the Telenet Additional Facility Accession Agreement relating to that Telenet Additional Facility Loan.

7. PREPAYMENT AND CANCELLATION

7.1. Mandatory prepayment—illegality

(a) A Lender must notify the Facility Agent and the Company promptly if it becomes aware that it is unlawful in any applicable jurisdiction for that Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in any Loan.

(b) After notification under paragraph (a) above the Facility Agent must notify the Company and:

- (i) each Borrower must repay or prepay the share of that Lender in each Loan made to it on the date specified in paragraph (c) below; and
- (ii) the Commitments of that Lender will be immediately cancelled.

(c) The date for repayment or prepayment of a Lender's share in a Loan will be:

- (i) the last day of the current Term of that Loan; or

(ii) if earlier, the date specified by the Lender in the notification under paragraph (a) above and which must not be earlier than the last day of any applicable grace period allowed by law.

7.2. Mandatory prepayment—change of control

(a) For the purposes of this Clause:

a **change of control** occurs if: (i) any person or group of persons (other than a Permitted Holder or Permitted Holders and other than through a Permitted Holder) becomes the beneficial owner of a majority of the aggregate voting power of all outstanding shares of the Company or otherwise controls the Company; or (ii) no Permitted Holder controls (directly or indirectly) the Company.

control means the power of a person:

(i) by means of the holding of shares or the possession of voting power in or in relation to any other person; or

(ii) by virtue of any powers conferred by the articles of association or other documents regulating any other person,

to direct or cause the direction of the management and policies of that other person;

Permitted Holder means any of the following:

(i) UGC Europe, Inc.;

(ii) in the event of a Spin-Off, the Spin Parent and any Subsidiary of the Spin Parent; and

(iii) each Subsidiary of UGC Europe, Inc.;

Spin-Off means a transaction by which all outstanding ordinary shares of SuperHoldco or any of its Subsidiaries directly or indirectly owned by Liberty Global, Inc. are distributed to all of Liberty Global, Inc.'s shareholders in proportion to such shareholders' holdings in Liberty Global, Inc. at the time of such transaction either directly or indirectly through the distribution of shares in a company holding such SuperHoldco shares or Subsidiary's shares; and

Spin Parent means the company the shares of which are distributed to the shareholders of Liberty Global, Inc. pursuant to the Spin-Off.

(b) The Company must promptly notify the Facility Agent if it becomes aware of any change of control.

(c) After a change of control, if the Majority Lenders so require, the Facility Agent must, by notice to the Company:

(i) cancel the Total Commitments; and

(ii) declare all outstanding Loans, together with accrued interest and all other amounts accrued under the Finance Documents, to be due and payable on a date not less than 30 days after the date of that notice.

Any such notice will take effect in accordance with its terms.

7.3. Mandatory prepayment from disposal proceeds

(a) Other than as provided in paragraphs (b) and (c) below, on a Permitted Disposal (other than a disposal in accordance with paragraphs (a) to (n) of the definition of Permitted Disposals), the Company shall, upon receipt of the proceeds of such Permitted Disposal, immediately prepay an amount of the Facilities equal to five times the Annualised EBITDA of the person or asset disposed of for the most recent Measurement Period for which financial statements have been delivered pursuant to Clause 17.1(a) (Financial statements), provided that the amount to be prepaid shall not exceed the Net Proceeds.

For the purposes of this paragraph (a), Annualised EBITDA of a person or asset for a Measurement Period shall be the earnings before interest, tax, depreciation and amortisation for the two financial quarters ending on the last day of that Measurement Period multiplied by two.

(b) No prepayment in accordance with paragraph (a) above is required where the amount of any such prepayment in respect of one or a series of connected transactions would be less than €200,000,000.

(c) No prepayment is required in accordance with paragraph (a) above in connection with any Permitted Disposal where an amount equal to the amount that would otherwise be required to be prepaid under paragraph (a) above is promptly deposited in a Blocked Account (as defined in Clause 7.4 (Date for prepayment) below) on terms that the principal amount deposited may only be released in order to make prepayments in accordance with this Clause 7.3 or to reinvest in assets in the Permitted Business (for the avoidance of doubt, including Permitted Acquisitions and Capital Expenditure). Any amount so deposited that has not been so reinvested (or contracted to be so reinvested) within 12 months of the relevant Permitted Disposal shall be applied in prepayment of the Facilities.

7.4. Date for prepayment

Each amount of the Facilities to be prepaid under Clause 7.3 (Mandatory prepayment from disposal proceeds) and Clause 18.5 (Cure provisions) shall be applied in prepayment of the Facility within the period required by the relevant Clause or deposited before the end of such period with the Security Agent in an account (or accounts) (each a **Blocked Account**) in the name of any Obligor bearing interest at rates customarily offered by the Security Agent in such circumstances, secured (if requested by the Security Agent) by a first ranking pledge in favour of the Security Agent on behalf of the Beneficiaries, in form and substance satisfactory to the Security Agent together with such other documents and evidence and legal opinions as the Security Agent may reasonably require, at the Obligors' expense, on terms that the principal amount so deposited may only be released by making the relevant prepayment on the last day of the Term or (as applicable) Terms falling immediately thereafter, in accordance with Clause 7.5 (Order of application), until the prepayment obligations under Clause 7.3 (Mandatory prepayment from disposal proceeds) and Clause 18.5 (Cure provisions) have been satisfied or otherwise as permitted under Clause 7.3(c) above.

7.5. Order of application

(a) The amount of each prepayment of the Facilities made under Clause 7.3 (Mandatory prepayment from disposal proceeds) and Clause 18.5 (Cure provisions) shall be applied:

(i) first against the Term Loan A Facility, the Term Loan B1 Facility, the Term Loan B2A Facility, the Term Loan B2B Facility, the Term Loan C Facility and the Telenet Additional Facilities that are term loan facilities in such proportion as may be specified to the Facility Agent by the Company not less than two Business Days before the date on which the prepayment is due to be made and against all the outstanding Loans made under the relevant Facilities *pro* r*ata*; and

(ii) second against the Revolving Facility and any Telenet Additional Facility that is a revolving facility in such proportion as may be specified to the Facility Agent by the Company not less than two Business Days before the date on which the prepayment is due to be made and against all the outstanding Loans made under the relevant Facility *pro rata*,

in each case with a corresponding permanent cancellation of the relevant Commitments (*pro rata* between the Commitments of the Lenders under the relevant Facility).

(b) If the Company does not give a notice to the Facility Agent specifying how amounts are to be applied in prepayment under Clause 7.3 (Mandatory prepayment from disposal proceeds) within the time period specified in paragraph (a) above, the amount of the relevant prepayment shall be applied against all outstanding Term Loans pro rata in accordance with paragraph (a) above.

7.6. Voluntary prepayment

(a) Subject to paragraph (b) below, the Company may, by giving not less than five Business Days' prior notice to the Facility Agent, prepay (or ensure that a Borrower prepays) any Loan at any time in whole or in part.

(b) For as long as both the Term Loan B2A Facility Margin and the Term Loan B2B Facility Margin is lower than the Term Loan B1 Facility Margin, a Borrower must prepay the Term Loan B2A Facility Loans and the Term Loan B2B Facility Loans in whole before it may prepay any other Loan under this Clause.

(c) A prepayment of part of a Loan must be in a minimum amount of €5,000,000 and an integral multiple of €1,000,000.

7.7. Automatic cancellation

The Commitments of each Lender under a Facility will be automatically cancelled at the close of business on the last day of the Availability Period for that Facility.

7.8. Voluntary cancellation

(a) Subject to paragraph (b) below, the Company may, by giving not less than five Business Days' prior notice to the Facility Agent, cancel the unutilised amount of the Total Commitments in whole or in part.

(b) The Company must first cancel the whole of the unutilised Total Term Loan B2A Facility Commitment and the whole of the unutilised Total Term Loan B2B Facility Commitment before it can cancel the unutilised amount of any other Total Commitment.

(c) The Company must second cancel the whole of the unutilised Total Term Loan C Facility Commitment before it can cancel the unutilised amount of any other Total Commitment.

(d) Partial cancellation of the Total Commitments must be in a minimum amount of €5,000,000 and an integral multiple of €1,000,000.

(e) Any cancellation in part will be applied against the relevant Commitment of each Lender *pro rata*.

7.9. Right of repayment and cancellation of a single Lender

(a) If an Obligor is, or will be, required to pay to a Lender:

(i) a Tax Payment; or

(ii) an Increased Cost,

the Company may, while the requirement continues, give notice to the Facility Agent requesting prepayment and cancellation in respect of that Lender.

(b) After notification under paragraph (a) above:

(i) each Borrower must repay or prepay that Lender's share in each Loan made to it on the date specified in paragraph (c) below; and

(ii) the Commitments of that Lender will be immediately cancelled.

(c) The date for repayment or prepayment of a Lender's share in a Loan will be:

(i) the last day of the current Term for that Loan; or

(ii) if earlier, the date specified by the Company in its notification.

7.10. Prepayment of Term Loans

(a) Except where this Clause expressly provides otherwise, any prepayment of a Term Loan B1 Facility Loan, a Term Loan B2A Facility Loan, or a Term Loan B2B Facility Loan will be applied against the relevant remaining Repayment Instalments *pro rata*.

(b) No amount of a Term Loan prepaid under this Agreement may subsequently be re-borrowed.

7.11. Re-borrowing of Revolving Loans

Any voluntary prepayment of a Revolving Loan under Clause 7.6 (Voluntary prepayment) may be re-borrowed on the terms of this Agreement. Any other prepayment of a Revolving Loan may not be re-borrowed.

7.12. Miscellaneous provisions

(a) Any notice of prepayment and/or cancellation under this Agreement is irrevocable and must specify the relevant date(s) and the affected Loans and Commitments. The Facility Agent must notify the Lenders promptly of receipt of any such notice.

(b) All prepayments under this Agreement must be made with accrued interest on the amount prepaid. No premium or penalty is payable in respect of any prepayment except for Break Costs.

(c) The Majority Lenders may agree a shorter notice period for a voluntary prepayment or a voluntary cancellation.

(d) No prepayment or cancellation is allowed except in accordance with the express terms of this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may subsequently be reinstated.

(f) Any partial prepayment of a Loan will be applied against the participations of the Lenders in that Loan *pro rata*.

8. INTEREST

8.1. Calculation of interest

The rate of interest on each Loan for each Term is the percentage rate per annum equal to the aggregate of the applicable:

(a) Margin;

(b) EURIBOR or LIBOR (as applicable); and

(c) Mandatory Cost.

8.2. Payment of interest

Except where it is provided to the contrary in this Agreement, each Borrower must pay accrued interest on each Loan made to it on the last day of each Term and also, if the Term is longer than six months, on the dates falling at six-monthly intervals after the first day of that Term.

8.3. Interest on overdue amounts

(a) If an Obligor fails to pay any amount payable by it under the Finance Documents, it must immediately on demand by the Facility Agent pay interest on the overdue amount from its due date up to the date of actual payment, both before, on and after judgment.

(b) Interest on an overdue amount is payable at a rate determined by the Facility Agent to be one per cent. per annum above the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount. For this purpose, the Facility Agent may (acting reasonably):

(i) select successive Terms of any duration of up to three months; and

(ii) determine the appropriate Rate Fixing Day for that Term.

(c) Notwithstanding paragraph (b) above, if the overdue amount is a principal amount of a Loan and becomes due and payable before the last day of its current Term, then:

(i) the first Term for that overdue amount will be the unexpired portion of that Term; and

(ii) the rate of interest on the overdue amount for that first Term will be one per cent. per annum above the rate then payable on that Loan.

After the expiry of the first Term for that overdue amount, the rate on the overdue amount will be calculated in accordance with paragraph (b) above.

(d) Interest (if unpaid) on an overdue amount will be compounded with that overdue amount at the end of each of its Terms but will remain immediately due and payable.

8.4. Notification of rates of interest

The Facility Agent must promptly notify each relevant Party of the determination of a rate of interest under this Agreement.

9. TERMS

9.1. Selection—Term Loans

(a) Each Term Loan has successive Terms.

(b) A Borrower must select the first Term for a Term Loan in the relevant Request and each subsequent Term in an irrevocable notice received by the Facility Agent not later than 10.00 a.m. (Paris time) three Business Days before the Rate Fixing Day for that Term. Each Term for a Term Loan will start on its Utilisation Date or on the expiry of its preceding Term.

(c) If a Borrower fails to select a Term for an outstanding Term Loan under paragraph (b) above, that Term will, subject to the other provisions of this Clause, be three months.

(d) Subject to the following provisions of this Clause, each Term for a Term Loan will be one, two, three or six months or:

   (i) any shorter period agreed by the Company and the Facility Agent; or

   (ii) any longer period agreed by the Company and the Majority Lenders.

(e) Until the Mandated Lead Arrangers have notified the Company that Syndication has been completed, each Term for a Term Loan will be one week or such other period as the Company and the Mandated Lead Arrangers shall agree.

9.2. Selection—Revolving Loans

(a) Each Revolving Loan has one Term only.

(b) A Borrower must select the Term for a Revolving Loan in the relevant Request.

(c) Subject to the following provisions of this Clause, each Term for a Revolving Loan will be one, two, three or six months or any other period agreed by the Company and the Facility Agent.

(d) Until the Mandated Lead Arrangers have notified the Company that Syndication has been completed, each Term for a Revolving Loan will be one week or such other period as the Company and the Mandated Lead Arrangers shall agree.

9.3. Consolidation—Term Loans

Unless a Borrower otherwise requests a Term for a Term Loan will end on the same day as the current Term for any other Term Loan denominated in the same currency as that Term Loan and borrowed by that Borrower under the same Facility. On the last day of those Terms, those Term Loans will be consolidated and treated as one Term Loan under the relevant Facility.

9.4. Coincidence with Repayment Instalment dates

(a) A Borrower may select any Term of less than six months for a Term Loan B1 Facility Loan, a Term Loan B2A Facility Loan or a Term Loan B2B Facility Loan (and may redesignate any Term Loan B1 Facility Loan as two Term Loan B1 Facility Loans, any Term Loan B2A Facility Loan as two Term Loan B2A Facility Loans or any Term Loan B2B Facility Loan as two Term Loan B2B Facility Loans) to ensure that the amount of the Term Loan B1 Facility Loans, Term Loan B2A Facility Loans or Term Loan B2B Facility Loans with a Term ending on a date for repayment of a Repayment Instalment is not less than the Repayment Instalment due on that date.

(b) If a Borrower fails to make a selection in the circumstances envisaged in paragraph (a) above, the Facility Agent may (after giving prior written notice to the Company), before the Rate Fixing Day for the relevant Term shorten any Term for a Term Loan B1 Facility Loan, Term Loan B2A Facility Loan or a Term Loan B2B Facility Loan (and may designate any such Loan as two such Loans) to achieve the same end.

9.5. No overrunning the Final Maturity Date

If a Term in respect of a Loan under a Facility would otherwise overrun the Final Maturity Date for that Facility, it will be shortened so that it ends on the Final Maturity Date for that Facility.

9.6. Other adjustments

The Facility Agent and the Company may enter into such other arrangements as they may agree for the adjustment of Terms and the consolidation and/or splitting of Loans under a Facility.

9.7. Notification

The Facility Agent must notify each relevant Party of the duration of each Term promptly after ascertaining its duration.

10. MARKET DISRUPTION

10.1. Failure of a Reference Bank to supply a rate

If LIBOR/EURIBOR is to be calculated by reference to the Reference Banks but a Reference Bank does not supply a rate by 12.00 noon (local time) on a Rate Fixing Day, the applicable LIBOR/

EURIBOR will, subject as provided below, be calculated on the basis of the rates of the remaining Reference Banks.

10.2. Market disruption

(a) In this Clause, each of the following events is a **market disruption event**:

(i) LIBOR/EURIBOR is to be calculated by reference to the Reference Banks but no, or only one, Reference Bank supplies a rate by 12.00 noon (local time) on the Rate Fixing Day; or

(ii) the Facility Agent receives by close of business on the Rate Fixing Day notification from Lenders whose shares in the relevant Loan exceed 35 per cent. of that Loan that the cost to them of obtaining matching deposits in the relevant interbank market is in excess of LIBOR/EURIBOR for the relevant Term.

(b) The Facility Agent must promptly notify the Company and the Lenders of a market disruption event.

(c) After notification under paragraph (b) above, the rate of interest on each Lender's share in the affected Loan for the relevant Term will be the aggregate of the applicable:

(i) Margin;

(ii) rate notified to the Facility Agent by that Lender as soon as practicable, and in any event before interest is due to be paid in respect of that Term, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its share in that Loan from whatever source it may reasonably select; and

(iii) Mandatory Cost.

10.3. Alternative basis of interest or funding

(a) If a market disruption event occurs and the Facility Agent or the Company so requires, the Company and the Facility Agent must enter into negotiations for a period of not more than 30 days with a view to agreeing an alternative basis for determining the rate of interest and/or funding for the affected Loan.

(b) Any alternative basis agreed will be, with the prior consent of all the Lenders, binding on all the Parties.

11. TAXES

11.1. General

In this Clause **Tax Credit** means a credit against any Tax or any relief or remission for Tax (or its repayment).

11.2. Tax gross-up

(a) Each Obligor must make all payments to be made by it under the Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law.

(b) If:

(i) Lender is not, or ceases to be, a Qualifying Lender; or

(ii) an Obligor or a Lender is aware that an Obligor must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction),

it must promptly notify the Facility Agent. The Facility Agent must then promptly notify the affected Parties.

(c) Except as provided below, if a Tax Deduction is required by law to be made by an Obligor or the Facility Agent, the amount of the payment due from the Obligor will be increased to an amount which (after making the Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) Except as provided below, an Obligor is not required to make an increased payment under paragraph (c) above to a Lender that is not, or has ceased to be, a Qualifying Lender in respect of that Obligor in excess of the amount that the Obligor would have had to pay had the Lender been, or not ceased to be, a Qualifying Lender in respect of that Obligor.

(e) Paragraph (d) above will not apply if the Lender has ceased to be a Qualifying Lender by reason of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or double taxation agreement or Double Tax Treaty or any published practice or concession of any relevant taxing authority.

(f) If an Obligor is required to make a Tax Deduction, that Obligor must make the minimum Tax Deduction allowed by law and must make any payment required in connection with that Tax Deduction within the time allowed by law.

(g) Within 30 days of making either a Tax Deduction or a payment required in connection with a Tax Deduction, the Obligor making that Tax Deduction must deliver to the Facility Agent for the relevant Finance Party evidence satisfactory to that Finance Party (acting reasonably) that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.

11.3. Tax indemnity

(a) Except as provided below, the Company must indemnify a Finance Party against any loss or liability which that Finance Party (in its absolute discretion) determines will be or has been suffered (directly or indirectly) by that Finance Party for or on account of Tax in relation to a payment received or receivable (or any payment deemed to be received or receivable) under a Finance Document.

(b) Paragraph (a) above does not apply to any Tax assessed on a Finance Party under the laws of the jurisdiction in which:

(i) that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party has a Facility Office and is treated as resident for tax purposes; or

(ii) that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable by that Finance Party. However, any payment deemed to be received or receivable, including any amount treated as income but not actually received by the Finance Party, such as a Tax Deduction, will not be treated as net income received or receivable for this purpose.

(c) A Finance Party making, or intending to make, a claim under paragraph (a) above must promptly notify the Company of the event which will give, or has given, rise to the claim.

11.4. Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party (in its absolute discretion) determines that:

(a) a Tax Credit is attributable to that Tax Payment; and

(b) it has used and retained that Tax Credit,

the Finance Party must pay an amount to the Obligor which that Finance Party determines (in its absolute discretion) will leave it (after that payment) in the same after-tax position as it would have been if the Tax Payment had not been required to be made by the Obligor.

11.5. U.S. Taxes

A U.S. Borrower shall not be required to pay any additional amount pursuant to Clause 11.2 (Tax gross-up) in respect of Taxes of the United States or any political subdivision thereof which arise or are imposed as a result of the failure of a Lender to provide the forms described in Clauses 11.5(a) or (b), or a connection of a Lender as described in Clause 11.5(c) below, with respect to a sum payable by it pursuant to this Agreement to a Lender if on the date such Lender becomes a Party to this Agreement or has designated a new Facility Office either:

(a) in the case of a Lender which is not a U.S. person,

(i) such Lender has not provided the Borrower with two accurate and complete original signed copies including all necessary attachments of (i) U.S. Internal Revenue Service

Form W-8BEN (or successor form) or (ii) U.S. Internal Revenue Service Form W-8ECI (or successor form), or (iii) (if appropriate) Internal Revenue Service Form W-8IMY, certifying, in each case, to such Lender's entitlement as of such date to a complete exemption from United States withholding with respect to all amounts payable pursuant to the Finance Documents; or

(ii) after the date such Lender becomes a Party to this Agreement, when a lapse in time or change in circumstances renders the previous certification of such Lender made pursuant to Clause 11.5(a)(i) above obsolete or inaccurate, such Lender has not delivered to the Company two new accurate and complete original signed copies of U.S. Internal Revenue Service Form W-8ECI or Form W-8BEN, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from United States withholding tax with respect to amounts payable pursuant to the Finance Documents;

(b) in the case of a Lender which is a U.S. Person:

(i) such Lender has not provided the Borrower with two accurate and complete original signed copies, including all necessary attachments, of U.S. Internal Revenue Service Form W-9 (or successor form); or

(ii) after the date such Lender becomes a Party to this Agreement, when a lapse in time or change in circumstances renders the previous certification of such Lender made pursuant to Clause 11.5(b)(i) above obsolete or inaccurate, such Lender has not delivered to the Company two new accurate and complete original signed copies of U.S. Internal Revenue Service Form W-9, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from Untied States withholding tax with respect to amounts payable pursuant to the Finance Documents; or

(c) such Lender is subject to such Tax by reason of any connection between the jurisdiction imposing such Tax and the Lender or its Facility Office other than a connection arising solely from this Agreement or any transaction contemplated hereby.

11.6. Stamp taxes

The Company must pay and indemnify each Finance Party against any stamp duty, registration or other similar Tax payable in connection with the entry into, performance or enforcement of any Finance Document, except for any such Tax payable in connection with the entry into a Transfer Certificate.

11.7. Value added taxes

Any amount payable under a Finance Document by an Obligor is exclusive of any value added tax or any other Tax of a similar nature which might be chargeable in connection with that amount. If any such Tax is chargeable, the Obligor must pay to the Finance Party (in addition to and at the same time as paying that amount) an amount equal to the amount of that Tax.

Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party must also at the same time pay and indemnify the Finance Party against all value added tax or any other Tax of a similar nature incurred by the Finance Party in respect of those costs or expenses but only to the extent that the Finance Party (acting reasonably) determines that neither it nor any other member of any group of which it is a member for value added tax purposes is entitled to credit or repayment from the relevant tax authority in respect of the Tax.

11.8. Confirmation by Lenders

Each Initial Original Lender hereby confirms that, as at the date of this Agreement, it is a Qualifying Lender.

12. INCREASED COSTS

12.1. Increased Costs

Except as provided below in this Clause, the Company must pay to a Finance Party the amount of any Increased Cost incurred by that Finance Party or any of its Affiliates as a result of:

(a) the introduction of, or any change in, or any change in the interpretation, administration or application of, any law or regulation; or

(b) compliance with any law or regulation made after the date of this Agreement.

12.2. Exceptions

The Company need not make any payment for an Increased Cost to the extent that the Increased Cost is:

(a) compensated for under another Clause or would have been but for an exception to that Clause;

(b) attributable to a Finance Party or its Affiliate wilfully failing to comply with any law or regulation; or

(c) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (**Basel II**) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

12.3. Claims

A Finance Party intending to make a claim for an Increased Cost must notify the Facility Agent of the circumstances giving rise to and the amount of the claim, following which the Facility Agent will promptly notify the Company.

Each Finance Party must, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Cost.

13. MITIGATION

13.1. Mitigation

(a) Each Finance Party must, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which result or would result in:

(i) any Tax Payment or Increased Cost being payable to that Finance Party;

(ii) that Finance Party being able to exercise any right of prepayment and/or cancellation under this Agreement by reason of any illegality; or

(iii) that Finance Party incurring any cost of complying with the minimum reserve requirements of the European Central Bank,

including transferring its rights and obligations under the Finance Documents to an Affiliate or changing its Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

(c) The Company must indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of any step taken by it under this Subclause.

(d) A Finance Party is not obliged to take any step under this Subclause if, in the opinion of that Finance Party (acting reasonably), to do so may reasonably be expected to be prejudicial to it.

13.2. Conduct of business by a Finance Party

No term of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (Tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it in respect of Tax or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (Tax or otherwise) or any computation in respect of Tax.

14. PAYMENTS

14.1. Place

Unless a Finance Document specifies that payments under it are to be made in another manner, all payments by a Party (other than the Facility Agent) under the Finance Documents must be made to the Facility Agent to its account at such office or bank in the principal financial centre of a Participating Member State or London, as it may notify to that Party for this purpose by not less than five Business Days' prior notice.

14.2. Funds

Payments under the Finance Documents to the Facility Agent must be made for value on the due date at such times and in such funds as the Facility Agent may specify to the Party concerned as being customary at the time for the settlement of transactions in that currency in the place for payment.

14.3. Distribution

(a) Each payment received by the Facility Agent under the Finance Documents for another Party must, except as provided below, be made available by the Facility Agent to that Party by payment (as soon as practicable after receipt) to its account with such office or bank in the principal financial centre of a Participating Member State or London, as it may notify to the Facility Agent for this purpose by not less than five Business Days' prior notice.

(b) The Facility Agent may (with the consent and at the expense of the Company) apply any amount received by it for an Obligor in or towards payment (as soon as practicable after receipt) of any amount due from that Obligor under the Finance Documents or in or towards the purchase of any amount of any currency to be so applied.

(c) Where a sum is paid to the Facility Agent under this Agreement for another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received it. However, the Facility Agent may assume that the sum has been paid to it, and, in reliance on that assumption, make available to that Party a corresponding amount. If it transpires that the sum has not been received by the Facility Agent, that Party must immediately on demand by the Facility Agent refund any corresponding amount made available to it together with interest on that amount from the date of payment to the date of receipt by the Facility Agent at a rate calculated by the Facility Agent to reflect its cost of funds.

14.4. Currency

(a) Unless a Finance Document specifies that payments under it are to be made in a different manner, the currency of each amount payable under the Finance Documents is determined under this Clause.

(b) Amounts payable in respect of Taxes, fees, costs and expenses are payable in the currency in which they are incurred.

(c) Each other amount payable under the Finance Documents is payable in euro or U.S. Dollars (as applicable).

14.5. No set-off or counterclaim

All payments made by an Obligor under the Finance Documents must be calculated and made without (and free and clear of any deduction for) set-off or counterclaim.

14.6. Business Days

(a) If a payment under the Finance Documents is due on a day which is not a Business Day, the due date for that payment will instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not) or whatever day the Facility Agent determines is market practice.

(b) During any extension of the due date for payment of any principal under this Agreement interest is payable on that principal at the rate payable on the original due date.

14.7. Partial payments

(a) If any Administrative Party receives a payment insufficient to discharge all the amounts then due and payable by the Obligors under the Finance Documents, the Administrative Party must apply that payment towards the obligations of the Obligors under the Finance Documents in the following order:

(i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Administrative Parties under the Finance Documents;

(ii) **secondly**, in or towards payment pro rata of any accrued interest or fee due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment pro rata of any principal amount due but unpaid under this Agreement; and

(iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) The Facility Agent must, if so directed by all the Lenders, vary the order set out in sub-paragraphs (a)(ii) to (iv) above.

(c) This Subclause will override any appropriation made by an Obligor.

14.8. Timing of payments

If a Finance Document does not provide for when a particular payment is due, that payment will be due within three Business Days of demand by the relevant Finance Party.

15. GUARANTEE AND INDEMNITY

15.1. Guarantee and indemnity

(a) Subject to Subclause 15.9 (Limitations) each Guarantor jointly and severally and irrevocably and unconditionally:

(i) guarantees to each Finance Party punctual performance by each Obligor of all its obligations under the Finance Documents;

(ii) undertakes with each Finance Party that, whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, it must immediately on demand by the Facility Agent pay that amount as if it were the principal obligor in respect of that amount; and

(iii) indemnifies each Finance Party immediately on demand against any loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal; the amount of the loss or liability under this indemnity will be equal to the amount the Finance Party would otherwise have been entitled to recover.

(b) This guarantee is an independent guarantee and not a surety (borg/cautionment).

15.2. Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of all sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

15.3. Reinstatement

(a) If any discharge (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) or arrangement is made in whole or in part on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation, administration or otherwise without limitation, the liability of each Guarantor under this Clause will continue or be reinstated as if the discharge or arrangement had not occurred.

(b) Each Finance Party may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

15.4. Waiver of defences

The obligations of each Guarantor under this Clause will not be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Clause (whether or not known to it or any Finance Party). This includes:

(a) any time or waiver granted to, or composition with, any person;

(b) any release of any person under the terms of any composition or arrangement;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;

(d) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(e) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;

(f) any amendment (however fundamental) of a Finance Document or any other document or security;

(g) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under any Finance Document or any other document or security; or

(h) any insolvency or similar proceedings.

15.5. Immediate recourse

(a) Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other right or security or claim payment from any person before claiming from that Guarantor under this Clause.

(b) This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

15.6. Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may without affecting the liability of any Guarantor under this Clause:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) against those amounts; or

(b) apply and enforce them in such manner and order as it sees fit (whether against those amounts or otherwise); and

(c) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of that Guarantor's liability under this Clause.

15.7. Non-competition

Unless:

(a) all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full; or

(b) the Facility Agent otherwise directs,

no Guarantor will, after a claim has been made or by virtue of any payment or performance by it under this Clause:

(i) be subrogated to any rights, security or moneys held, received or receivable by any Finance Party (or any trustee or agent on its behalf);

(ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of that Guarantor's liability under this Clause;

(iii) claim, rank, prove or vote as a creditor of any Obligor or its estate in competition with any Finance Party (or any trustee or agent on its behalf); or

(iv) receive, claim or have the benefit of any payment, distribution or security from or on account of any Obligor, or exercise any right of set-off as against any Obligor.

Each Guarantor must hold in trust for and immediately pay or transfer to the Facility Agent for the Finance Parties any payment or distribution or benefit of security received by it contrary to this Clause or in accordance with any directions given by the Facility Agent under this Clause.

15.8. Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Beneficiary.

15.9. Limitations

(a) This guarantee does not apply to any liability to the extent that it would result in the guarantee constituting unlawful financial assistance under any laws applicable to a Guarantor.

(b) Notwithstanding any other provision of this Clause 15, the obligations of each U.S. Guarantor under this Clause 15, shall be limited to a maximum aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Bankruptcy Code, any applicable provisions of comparable state law or any applicable case law (collectively, the **Fraudulent Transfer Laws**), in each case after giving effect to all other liabilities of such U.S. Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such U.S. Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such U.S. Guarantors and other Affiliates of the Group of the obligations arising under guarantees by such parties.

For the purposes of this Clause 15, **U.S. Guarantor** means each Guarantor incorporated (or in the case of a non-corporate Guarantor, formed and subsisting) in the United States of America (or any of its states or territories or any political or legal subdivision thereof).

(c) Notwithstanding any other provision of this Clause 15, the liability of UPC Belgium NV pursuant to this Clause 15 shall be limited, at any time, to an amount equal to the net assets of UPC Belgium NV (determined in accordance with Article 617 of the Belgian Company Code (*Wetboek van vennootschappen*) and accounting principles generally accepted in Belgium) at the time each relevant demand is made under the guarantee.

15.10. Third Parties

Any counterparty to any Hedging Document may rely on this Clause 15 and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

16. REPRESENTATIONS AND WARRANTIES

16.1. Representations and warranties

The representations set out in this Clause are made by each Obligor or (if it so states) the Company to each Finance Party. Each Obligor makes the representations set out in this Clause in respect of itself and (where applicable) in respect of its Subsidiaries.

16.2. Status

(a) It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

(c) In respect of the Original Borrower, it is resident for all purposes in the Kingdom of Belgium.

16.3. Powers and authority

It has the power:

(a) to enter into and comply with all obligations expressed on its part under the Finance Documents; and

(b) (in the case of a Borrower) to borrow under this Agreement; and

(c) (in the case of a Guarantor) to give the guarantee in Clause 15 (Guarantee and Indemnity),

and has taken all necessary actions to authorise the execution, delivery and performance of the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.

16.4. Legal validity

(a) Each Finance Document to which it is or will be a party constitutes, or when executed in accordance with its terms will constitute, its legal, valid and binding obligations enforceable, subject to any relevant reservations or qualifications as to matters of law contained in any legal opinion referred to in Part 1 of Schedule 2 (Conditions Precedent Documents) or (as applicable) Part 2 of Schedule 2 (Conditions Precedent Documents), in accordance with its terms.

(b) The choice of English law as the governing law of the Finance Documents and its irrevocable submission to the jurisdiction of the courts of England in respect of any proceedings relating to the Finance Documents (in each case other than any Finance Document which is expressed to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.

(c) Any judgment obtained in England in relation to the Finance Documents will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.

16.5. Non-conflict

The execution and delivery by it of, the Finance Documents to which it is a party, and its performance of the transactions contemplated thereby will not violate:

(a) in any material respect, any law or regulation or official judgment or decree applicable to it;

(b) in any material respect, its constitutional documents; or

(c) any agreement or instrument to which it is a party or binding on any of its assets or binding upon any other member of the Group or any other member of the Group's assets, where such violation would or is reasonably likely to have a Material Adverse Effect.

16.6. No Event of Default

(a) No Event of Default has occurred and is outstanding or will result from the entry into of, or the performance of any transaction contemplated by, any Finance Document.

(b) Neither it nor any other member of the Group is in default under any law, regulation or agreement to which it is subject, except for a default which will not have or be reasonably likely to have a Material Adverse Effect.

16.7. Authorisations

(a) Subject to any relevant reservations or qualifications contained in any legal opinion referred to in Clause 16.4 (Legal validity), all material and necessary authorisations, registrations, consents, approvals, licences, and filings required by it in connection with the execution, validity or enforceability of the Finance Documents to which it is a party and performance of the transactions contemplated by the Finance Documents have been obtained (or, if applicable, will be obtained within the required time period) and are validly existing.

(b) The Licences are in full force and effect and each member of the Group is in compliance in all material respects with all provisions thereof such that the Licences are not the subject of any pending or, to the best of its knowledge, threatened attack, suspension or revocation by a competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack, suspension or revocation of a Licence would not have or be reasonably likely to have a Material Adverse Effect.

(c) All the Necessary Authorisations are in full force and effect, each member of the Group is in compliance in all material respects with all provisions thereof and the Necessary Authorisations are not the subject of any pending or, to the best of its knowledge, threatened attack or revocation by any competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack or revocation of a Necessary Authorisation would not have or be reasonably likely to have a Material Adverse Effect.

16.8. Financial statements

Its financial statements most recently delivered to the Facility Agent (which, in the case of the Company at the date of this Agreement, are the Original Financial Statements):

(a) have been prepared in all material respects in accordance with the Accounting Principles, consistently applied; and

(b) give a true and fair view of (if audited) or fairly represent (if unaudited) its financial condition (consolidated, if applicable) as the date to which they were drawn up,

except, in each case, as disclosed to the contrary in those financial statements.

16.9. No material adverse change

There has been no material adverse change in the business, assets or consolidated financial position of the Group (taken as a whole) since the date to which the Original Financial Statements were drawn up.

16.10. Litigation and insolvency proceedings

(a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been started against any member of the Group and, to its knowledge, no such proceedings are threatened, where in any such case, there is a reasonable likelihood of an adverse outcome to any member of the Group where that outcome is of a nature which would or is reasonably likely to have a Material Adverse Effect.

(b) None of the circumstances referred to in Clause 20.7 (Insolvency proceedings) are pending or, to its knowledge, threatened against it or any member of the Group.

16.11. Business Plan

To the best of its knowledge after due inquiry, as of the date of the Business Plan:

(a) the factual information relating to the Group contained in the Business Plan is accurate in all material respects;

(b) the financial projections and forecasts contained in the Business Plan were based on and arrived at after due and careful consideration and have been prepared on the basis of assumptions believed by the Company to be reasonable as of the date of the projections;

(c) there are no material facts or circumstances which have not been disclosed to the Lenders in writing prior to the date of the Business Plan and which would make any material factual information referred to in (a) above untrue, inaccurate or misleading in any material respect as at the date of the Business Plan, or any such opinions, projections, or assumptions referred to in (b) below misleading in any material respect as at the date of the Business Plan.

16.12. No misleading information

To the best of its knowledge after due enquiry:

(a) any factual information contained in the Information Memorandum or the Information Package was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given;

(b) any financial projection or forecast contained in the Information Memorandum or the Information Package has been prepared on the basis of recent historical information and on the basis of reasonable assumption and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

(c) the expressions of opinion or intention provided by or on behalf of an Obligor for the purposes of the Information Memorandum or the Information Package were made after careful consideration and (as at the date of the relevant report or document containing the expression of opinion or intention) were fair and based on reasonable grounds; and

(d) no event or circumstance has occurred or arisen and no information has been omitted from the Information Memorandum or the Information Package and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the Information Memorandum or the Information Package being untrue or misleading in any material respect as at the date of that Information Memorandum or Information Package.

16.13. Tax liabilities

(a) No claims are being asserted against it or any member of the Group with respect to Taxes which are reasonably likely to be determined adversely to it or to such member of the Group and which, if adversely determined, would or is reasonably likely to have a Material Adverse Effect.

(b) It is not materially overdue in the filing of any Tax returns required to be filed by it (where such late filing might result in any material fine or penalty on it) and it has paid within any period required by law all Taxes shown to be due on any Tax returns required to be filed by it or on any assessments made against it (other than Tax liabilities being contested by it in good faith and where it has made adequate reserves for such liabilities or where such overdue filing, or non-payment, or a claim for payment, of which in each such case would not have or be reasonably likely to have a Material Adverse Effect).

16.14. Security Interests

Its execution and delivery of this Agreement does not necessitate and will not result in the creation or imposition of any Security Interest over any of its material assets or those of any member of the Group (except for any Security Interest created pursuant to the Security Documents).

16.15. Intellectual Property Rights

(a) It (and each member of the Group) owns or has the legal right to use all the Intellectual Property Rights which are required for the conduct of the business of the Group as a whole from time to time or are required by it (or such member) in order for it to carry on such business as it is then being conducted, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect.

(b) As far as it is aware it does not (nor does any member of the Group), in carrying on its business, infringe any Intellectual Property Rights of any third party in any way which would or is reasonably likely to have a Material Adverse Effect.

(c) None of the Intellectual Property Rights owned by any member of the Group is, to its knowledge, being infringed nor, to its knowledge, is there any threatened infringement of those Intellectual Property Rights, by any third party which, in either case, would or is reasonably likely to have a Material Adverse Effect.

(d) All registered Intellectual Property Rights owned by it (or any member of the Group) are subsisting and all actions (including payment of all fees) required to maintain the same in full force and effect have been taken except where the absence of such rights or the failure to take any such action would not have or be reasonably likely to have a Material Adverse Effect.

16.16. Environmental laws

(a) It and each other member of the Group:

  (i) have obtained all requisite Environmental Approvals required for the carrying on of its business as currently conducted;

  (ii) have at all times complied with the terms and conditions of such Environmental Approvals; and

  (iii) have at all times complied with all other applicable Environmental Law,

  which in each such case, if not obtained or complied with, would or is reasonably likely to have a Material Adverse Effect.

(b) There is no Environmental Claim in existence, pending or, to the best of its knowledge, threatened, against it which is reasonably likely to be decided against it and which, if so decided, would or is reasonably likely to have a Material Adverse Effect.

(c) So far as it is aware, no Dangerous Substance has been used, disposed of, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under any premises (whether or not owned, leased, occupied or controlled by it or any member of the Group and including any offsite waste management or disposal location utilised by it or any member of the Group) in circumstances where this would be reasonably likely to result in a liability on it which would or is reasonably likely to have a Material Adverse Effect.

16.17. Ownership of assets

It and each member of the Group has good title to or valid leases or licences of or is otherwise entitled to use all assets necessary to conduct its business except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect.

16.18. Material Contracts

(a) Each Material Contract to which any member of the Group is a party constitutes, or will when executed constitute, the legal, valid and binding obligation of such member, subject to the application of any relevant insolvency, bankruptcy or similar laws or other laws affecting the interests of creditors generally, enforceable against it in accordance with its terms, save where failure so to constitute would not have a Material Adverse Effect.

(b) No member of the Group is in breach of any of its material obligations under any Material Contract to which such member is a party, nor (to the best of its knowledge and belief), is any other party thereto, in each case in such a manner or to such an extent as would or is reasonably likely to have a Material Adverse Effect. To the best of its knowledge and belief there is no material dispute between any member of the Group and any other party to a Material Contract and there have been no amendments to any Material Contract in the form provided to the Facility Agent prior to the date of this Agreement which would or is reasonably likely to have a Material Adverse Effect.

16.19. ERISA

Neither it nor any member of the Group or ERISA Affiliate maintains, contributes to or has any obligation to contribute to or any liability under, any Plan, or in the past five years has maintained or contributed to or had any obligation to, or liability under, any Plan.

16.20. United States Regulations

Neither it nor any member of the Group is:

(a) a public utility as defined in the United States Federal Power Act of 1920; or subject to regulation thereunder;

(b) required to be registered as an investment company as defined in the United States Investment Company Act of 1940 or subject to regulation thereunder; or

(c) subject to regulation under any United States Federal or State law or regulation that limits its ability to incur or guarantee indebtedness.

16.21. Anti-Terrorism Laws

To the best of its knowledge, neither it nor any member of the Group:

(a) is, or is controlled by, a Designated Party;

(b) has received funds or other property from a Designated Party; or

(c) is in material breach of or is the subject of any action or investigation under any Anti-Terrorism Law.

It and each of its Affiliates have taken commercially reasonable measures to ensure compliance with the Anti-Terrorism Laws.

16.22. Margin stock

(a) (In the case of the Borrowers only) the proceeds of the Facilities have been and will be used only for the purposes described in Clause 3 (Purpose).

(b) Neither it nor any member of the Group is engaged principally in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations U and X of the Board of Governors of the United States Federal Reserve System), and no portion of any Loan has been or will be used, directly or indirectly, to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

16.23. Times for making representations and warranties

(a) The representations and warranties set out in this Clause 16 (Representations and Warranties) are made by each Original Obligor on the date of this Agreement and (except for Clauses 16.7 (Authorisations), 16.9 (No material adverse change), 16.10 (Litigation and insolvency proceedings), 16.11 (Business Plan), 16.12 (No misleading information), 16.13 (Tax Liabilities), 16.14 (Security Interests), 16.17 (Ownership of assets), and 16.19 (ERISA) are deemed to be made again by each relevant Obligor on the date of each Request, the first day of each Term and on each Utilisation Date with reference to the facts and circumstances then existing.

(b) The representations and warranties set out in this Clause 16 (Representations and Warranties) (except Clauses 16.8 (Financial statements), 16.9 (No material adverse change), 16.11 (Business Plan) and 16.12 (No misleading information) are repeated by each Additional Obligor with respect to itself on the date of the Accession Agreement relating to that Additional Obligor, with reference to the facts and circumstances then subsisting.

(c) The representation and warranty in Clause 16.11 (Business Plan) will be deemed to be repeated on the date any updated Business Plan is delivered to the Facility Agent by the Company, but only in respect of that updated Business Plan, by reference to the facts and circumstances existing on the relevant date.

(d) The representation and warranty in 16.12 (No misleading information) will be made on the date of this Agreement and deemed to be made on the earlier of: (i) the date on which the Company confirms to the Facility Agent that it has approved the Information Package; and (ii) 12 October 2007.

(e) When a representation and warranty is repeated, it is applied to the circumstances existing at the time of repetition.

17. INFORMATION COVENANTS

17.1. Financial statements

(a) The Obligors must supply to the Facility Agent in sufficient copies for all the Lenders:

  (i) the audited consolidated financial statements for the Reporting Entity for each of its financial years commencing with 2007; and

  (ii) the unaudited quarterly consolidated management accounts of the Reporting Entity for each of its financial quarters in each of its financial years commencing with the quarter ended 30 September 2007.

(b) All financial statements must be supplied as soon as they are available and:

  (i) in the case of the Reporting Entity's audited financial statements, within 150 days; and

  (ii) in the case of the quarterly financial statements of the Reporting Entity, within 60 days (or, in the case of the quarterly financial statements of the Reporting Entity for its fourth financial quarter, within 150 days),

  of the end of the relevant financial period.

17.2. Form of financial statements

(a) The Company must ensure that each set of financial statements of the Reporting Entity supplied under this Agreement gives (if audited) a true and fair view of, or (if unaudited) fairly represents, the financial condition (consolidated or otherwise) of the relevant person as at the date to which those financial statements were drawn up.

(b) The Company must notify the Facility Agent of any change to the basis of which any consolidated financial statements are prepared, such changes only to be made to reflect a change in Accounting Principles.

(c) If requested by the Facility Agent, the Company must supply to the Facility Agent a statement (providing reasonable detail) with such financial statements either:

(i) confirming that the change(s) would have no effect on the operation of the ratios set out in Clause 18 (Financial Covenants); or

(ii) unless otherwise agreed in writing by the Facility Agent (acting upon the instructions of the Majority Lenders), if the change(s) would have such an effect, containing a reconciliation demonstrating the effect of the change(s) (and, for the purpose of calculating the ratios set out in Clause 18 (Financial Covenants), such financial statements will be treated as though adjusted by that reconciliation so as to exclude the effect of the changes).

17.3. Compliance Certificate

(a) The Company must supply to the Facility Agent a Compliance Certificate with each set of its financial statements sent to the Facility Agent under this Agreement.

(b) A Compliance Certificate must be signed by a director of the Company.

17.4. Budgets

The Company must supply to the Facility Agent not later than 90 days after the last day of each of its financial years, an annual budget for the immediately following financial year.

17.5. Information—miscellaneous

The Obligors must supply to the Facility Agent, in sufficient copies for all the Lenders if the Facility Agent so requests:

(a) copies of all documents despatched by any of the Obligors to its creditors generally at the same time as they are despatched;

(b) promptly upon becoming aware of them, details of any litigation, arbitration or administrative proceedings which are current, threatened or pending and which might, if adversely determined, have a Material Adverse Effect;

(c) a copy of any material report or other notice, statement or circular, sent or delivered by any member of the Group whose shares are pledged to the Security Agent pursuant to any Security Document to any person in its capacity as shareholder of such member of the Group, which materially adversely effects the interest of the Finance Parties under such Security Document; and

(d) promptly on request, such further information regarding the financial condition and operations of the Group as any Finance Party through the Facility Agent may reasonably request.

17.6. Notification of Default

(a) Unless the Facility Agent has already been so notified by another Obligor, each Obligor must notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(b) Promptly on request by the Facility Agent, the Company must supply to the Facility Agent a certificate, signed by two of its authorised signatories on its behalf, certifying that no Default is outstanding or, if a Default is outstanding, specifying the Default and the steps, if any, being taken to remedy it.

(c) Any Obligor must promptly upon becoming aware of it notify the Facility Agent of:

(i) any Reportable Event;

(ii) the termination of or withdrawal from, or any circumstances reasonably likely to result in the termination of or withdrawal from, any Plan subject to Title IV of ERISA; and

(iii) material non-compliance with any law or regulation relating to any Plan which would or is reasonably likely to have a Material Adverse Effect.

17.7. Inspection rights

Each Obligor shall, if required by the Facility Agent (acting on the instructions of the Majority Lenders), at any time whilst an Event of Default is continuing or the Facility Agent has reasonable grounds to believe that an Event of Default may exist and at other times if the Facility Agent has reasonable grounds for such request, permit representatives of the Facility Agent upon reasonable prior written notice to the Company to:

(a) visit and inspect the properties of any member of the Group during normal business hours;

(b) inspect its books and records other than records which the relevant member of the Group is prohibited by law, regulation or contract from disclosing to the Facility Agent; and

(c) discuss with its principal officers and Auditors its business, assets, liabilities, financial position, results of operations and business prospects provided that (i) any such discussion with the Auditors shall only be on the basis of the audited financial statements of the Group and any compliance certificates issued by the Auditors and (ii) representatives of the Company shall be entitled to be present at any such discussion with the Auditors.

17.8. Know your customer requirements

(a) Each Obligor must promptly on the request of any Finance Party supply to that Finance Party any documentation or other evidence which is reasonably requested by that Finance Party (whether for itself, on behalf of any Finance Party or any prospective new Lender) to enable a Finance Party or prospective new Lender to carry out and be satisfied with the results of all applicable know your customer requirements.

(b) Each Lender must promptly on the request of the Facility Agent supply to the Facility Agent any documentation or other evidence which is reasonably required by the Facility Agent to carry out and be satisfied with the results of all know your customer requirements.

17.9. Use of websites

(a) Except as provided below, the Company may deliver any information under this Agreement to a Lender by posting it on to an electronic website if:

(i) the Facility Agent, in consultation with the Lenders, agrees;

(ii) the Company and the Facility Agent designate an electronic website for this purpose;

(iii) the Company notifies the Facility Agent of the address of and password for the website; and

(iv) the information posted is in a format agreed between the Company and the Facility Agent.

The Facility Agent must supply each relevant Lender with the address of and password for the website.

(b) Notwithstanding the above, the Company must supply to the Facility Agent in paper form a copy of any information posted on the website together with sufficient copies for:

(i) any Lender not agreeing to receive information via the website; and

(ii) any other Lender, if that Lender so requests.

(c) the Company must promptly upon becoming aware of its occurrence, notify the Facility Agent if:

(i) the website cannot be accessed;

(ii) the website or any information on the website is infected by any electronic virus or similar software;

(iii) the password for the website is changed; or

(iv) any information to be supplied under this Agreement is posted on the website or amended after being posted.

If the circumstances in paragraph (i) or (ii) above occur, the Company must supply any information required under this Agreement in paper form.

18. FINANCIAL COVENANTS

18.1. Interpretation

(a) Except as provided to the contrary in this Agreement, an accounting term used in this Clause is to be construed in accordance with Accounting Principles on which the preparation of the Original Financial Statement was based.

(b) No item must be credited or deducted more than once in any calculation under this Clause.

18.2. Net Total Debt to Consolidated Annualised EBITDA

The Company must ensure that the ratio of Net Total Debt to Consolidated Annualised EBITDA for each Measurement Period:

(a) up to and including the Measurement Period ending on 31 December 2009 is not greater than 6.25:1; and

(b) ending after 31 December 2009 is not greater than 6.00:1.

18.3. Consolidated EBITDA to Total Cash Interest

The Company must ensure that the ratio of Consolidated EBITDA to Total Cash Interest for each Measurement Period is not less than 2.10:1.

18.4. Calculations

For the purposes of Clause 18.2 (Net Total Debt to Consolidated Annualised EBITDA), Net Total Debt for any Measurement Period will be calculated on the basis of Net Total Debt outstanding on the last day of that Measurement Period.

18.5. Cure provisions

(a) The Company may cure a breach of the financial ratios set out in Clause 18.2 (Net Total Debt to Consolidated Annualised EBITDA) and Clause 18.3 (Consolidated EBITDA to Total Cash Interest) by procuring that additional equity is injected into the Group by one or more Restricted Persons and/or additional Subordinated Shareholder Loans are provided to the Group in an aggregate amount equal to:

(i) in the case of a breach of Clause 18.2 (Net Total Debt to Consolidated Annualised EBITDA), the amount which, if it had been deducted from Net Total Debt for the Measurement Period in respect of which the breach arose, would have avoided the breach;

(ii) in the case of a breach of Clause 18.3 (Consolidated EBITDA to Total Cash Interest), the amount which, if it had been applied to prepay Loans in accordance with paragraph b(ii) below immediately prior to the start of the Measurement Period in respect of which the breach arose (recalculating Total Cash Interest accordingly), would have avoided the breach; or

(iii) in the case of a breach of both Clauses 18.2 (Net Total Debt to Consolidated Annualised EBITDA) and 18.3 (Consolidated EBITDA to Total Cash Interest), the higher of the relevant amount referred to in (i) or (ii) above.

(b) A cure under paragraph (a) above will not be effective unless:

(i) the required amount of additional equity or the proceeds of Subordinated Shareholder Loans is received by the Group before delivery of the financial statements delivered under Clause 17.1(a) (Financial statements) which show that Clause 18.2 (Net Total Debt to Consolidated Annualised EBITDA) or Clause 18.3 (Consolidated EBITDA to Total Cash Interest) has been breached; and

(ii) the proceeds of the relevant additional equity or Subordinated Shareholder Loans are applied in full in or towards repayment or prepayment of:

(A) in the case of a cure in respect of a breach of the financial ratio set out in Clause 18.2 (Net Total Debt to Consolidated Annualised EBITDA), Revolving Loans; or

(B) in the case of a cure in respect of a breach of the financial ratio set out in Clause 18.3 (Consolidated EBITDA to Total Cash Interest), Loans,

in each case in accordance with Clause 7 (Prepayment and Cancellation) and, to the extent of any surplus after such repayment or prepayment for the purposes of the Permitted Business.

(c) No cure may be made under this Clause 18.5:

(i) in respect of more than five Measurement Periods during the life of the Facilities; or

(ii) in respect of consecutive Measurement Periods.

18.6. Determinations

(a) Financial Indebtedness of the Group originally denominated in any currency other than euro that has been swapped, directly or indirectly through one or more foreign exchange hedging transactions, into euro, will be taken into account at its euro equivalent using the effective exchange rate in the relevant foreign exchange hedging transactions.

(b) Notwithstanding paragraph (a) and Clause 18.1(a) (Interpretation), Hedged Debt (as defined below) will be taken into account at its euro equivalent calculated using the same weighted average exchange rates for the relevant Measurement Period used in the profit and loss statements of the relevant accounts of the Group for calculating the euro equivalent of EBITDA denominated in the same currency as the currency in which that Hedged Debt is denominated or into which it has been swapped, as described below.

Hedged Debt means:

(i) Financial Indebtedness of the Group originally denominated in any currency other than euro in which any member of the Group earns EBITDA (a **functional currency**) and that has not been swapped, directly or indirectly through one or more foreign exchange hedging transactions, into euro; and

(ii) Financial Indebtedness of the Group that has been swapped, directly or indirectly through one or more foreign exchange hedging transactions, into a functional currency.

(iii) If there is a dispute as to any interpretation of or computation for Clause 18 (Financial Covenants), the interpretation or computation of the Company shall prevail.

18.7. Material Subsidiaries

(a) Subject to paragraph (d) below, the Company shall procure that, at all times, the aggregate gross assets, earnings before interest, tax, depreciation and amortisation or turnover, of the Obligors (on an unconsolidated basis and excluding intra group items) equal or exceed, respectively 85 per cent. of the Consolidated EBITDA, consolidated gross assets or consolidated turnover (as appropriate) of the Company (excluding intra group items).

(b) For this purpose:

(i) the gross assets, earnings before interest, tax, depreciation and amortisation or turnover of a Subsidiary of the Company will be determined from its financial statements (unconsolidated if it has Subsidiaries) upon which the latest consolidated financial statements of the Company that have been delivered to the Facility Agent are based;

(ii) if a Subsidiary of the Company becomes such a Subsidiary of the Company after the date on which the latest financial statements of the Company have been prepared that have been delivered to the Facility Agent, the gross assets, earnings before interest, tax, depreciation and amortisation or turnover of that Subsidiary will be determined from its latest financial statements;

(iii) the consolidated gross assets, Consolidated EBITDA or consolidated turnover of the Company will be determined from its latest financial statements that have been delivered to the Facility Agent, adjusted (where appropriate) to reflect the gross assets, earnings before income tax, depreciation and amortisation or turnover of any company or business subsequently acquired or disposed of; and

(iv) if a Material Subsidiary disposes of all or substantially all of its assets to another member of the Group, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary; the subsequent financial statements of those Subsidiaries and the Company will be used to determine whether those Subsidiaries are Material Subsidiaries or not.

(c) Subject to paragraph (d) below, the Company must ensure that each Material Subsidiary becomes a Guarantor within 30 days of the delivery to the Facility Agent of the first financial statements and the accompanying Compliance Certificate pursuant to Clause 17 (Information Covenants) which confirm that such Material Subsidiary has become a Material Subsidiary.

(d) Guarantors will not be required to give guarantees or enter into Security Documents if that would contravene any legal prohibition or result in a risk of personal or criminal liability on the part of any officer provided that the Guarantor shall use all reasonable endeavours to overcome any such obstacle.

19. GENERAL COVENANTS

19.1. General

Each Obligor agrees to be bound by the covenants set out in this Clause relating to it and, where the covenant is expressed to apply to each member of the Group, each Obligor must ensure that each of its Subsidiaries performs that covenant.

19.2. Authorisations

Each Obligor must:

(a) obtain or cause to be obtained, maintain and comply with the terms of:

(i) every material consent, authorisation, licence or approval of, or filing or registration with or declaration to, governmental or public bodies or authorities or courts; and

(ii) every material notarisation, filing, recording, registration or enrolment in any court or public office,

in each case required under any law or regulation to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of any Finance Document to which it is a party; and

(b) obtain or cause to be obtained every Necessary Authorisation and ensure that:

(i) none of the Necessary Authorisations is revoked, cancelled, suspended, withdrawn, terminated, expires and is not renewed or otherwise ceases to be in full force and effect; and

(ii) no Necessary Authorisation is modified and no member of the Group commits any breach of the terms or conditions of any Necessary Authorisation,

which, in each case, would or is reasonably likely to have a Material Adverse Effect.

19.3. Compliance with laws

Each Obligor will, and will procure that each member of the Group will, comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over it or any of its assets except where failure to do so would not be reasonably likely to have a Material Adverse Effect.

19.4. Pari passu ranking

Each Obligor must ensure that its payment obligations under the Finance Documents rank at least pari passu with all the claims of its other present and future unsecured and unsubordinated creditors (save for those obligations mandatorily preferred by law applying to companies generally).

19.5. Negative pledge

Each Obligor will not permit any Security Interest (other than the Permitted Security Interests) by any member of the Group to subsist, arise or be created or extended over all or any part of their respective present or future undertakings, assets, rights or revenues to secure or prefer any present or future indebtedness of any member of the Group or any other person.

19.6. Disposals

(a) Except as provided below, no Obligor or member of the Group may, either in a single transaction or in a series of transactions and whether related or not and whether voluntary or involuntary, dispose of any asset.

(b) Paragraph (a) above does not apply to any Permitted Disposal.

19.7. Financial Indebtedness

(a) Except as provided below, each Obligor shall ensure that no member of the Group may incur or otherwise permit to remain outstanding any Financial Indebtedness.

(b) Paragraph (a) above does not apply to Permitted Financial Indebtedness.

19.8. Permitted Business

Each Obligor will ensure that it and its Subsidiaries which are members of the Group engage:

(a) in no material activity outside the Permitted Business; and/or

(b) in the business of acting as the holder of shares and/or interests in other members of the Group (which shall include the raising of Permitted Financial Indebtedness and the on-lending of such Financial Indebtedness to its Subsidiaries in accordance with the provisions of this Agreement and the entry into of hedging arrangements on behalf of its Subsidiaries).

19.9. Change of business

Each Obligor must ensure that no member of the Group makes any substantial change to the general nature of the business of the Group from that carried on at the date of this Agreement.

19.10. Acquisitions and mergers

(a) No Obligor will, and each Obligor will procure that none of its Subsidiaries will, make any Restricted Acquisition other than any Permitted Acquisition, Permitted Joint Venture and any Permitted Transaction.

(b) Each Obligor will not merge or consolidate with any other company or person and will procure that no member of the Group will merge or consolidate with any other company or person save for:

(i) Restricted Acquisitions permitted by paragraph (a) above and disposals permitted by Clause 19.6 (Disposals); or

(ii) with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders); or

(iii) mergers between any member of the Group with any or all of the other members of the Group (**Original Entities**), into one or more entities (each a **Merged Entity**) provided that:

(A) reasonable details of the proposed merger in order to demonstrate satisfaction with subparagraphs (B) to (E) below are provided to the Facility Agent within 30 days after the date on which the merger is entered into;

(B) such Merged Entity will be a member of the Group and will be liable for the obligations of the relevant Original Entities (including the obligations under this Agreement and the Security Documents), which obligations remain unaffected by the merger, and entitled to the benefit of all rights of such Original Entities;

(C) (if all or any part of the share capital of any of the relevant Original Entities was charged pursuant to a Security Document) the equivalent part of the issued share capital of such Merged Entity is charged pursuant to a Security Document on terms of at least an equivalent nature and equivalent ranking as any Security Document relating to the shares in each relevant Original Entity within 60 days of the merger;

(D) any possibility of the Security Documents referred to in subparagraph (C) above being challenged or set aside is not materially greater than any such possibility in relation to the Security Documents entered into by, or in respect of the share capital of, any relevant Original Entity; and

(E) all the property and other assets of the relevant Original Entities are vested in the Merged Entity and the Merged Entity has assumed all the rights and obligations of the relevant Original Entities under any relevant Material Contracts, material Necessary

Authorisations and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities and/or all such rights and obligations have been transferred to the Merged Entity and/or the relevant Material Contracts, Necessary Authorisations and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities have been reissued to the Merged Entity,

except that the requirements of paragraphs (B) to (E) above will not apply in respect of any merger between Original Entities:

I. both of which are not Obligors; and

II. neither one of which is party to a Security Document, neither one of whose share capital is charged pursuant to a Security Document and neither one of whom owes any receivables to another member of the Group which are pledged pursuant to a Security Document.

19.11. Environmental matters

(a) Each Obligor will and will procure that each of its Subsidiaries will:

(i) obtain all requisite Environmental Approvals;

(ii) comply with the terms and conditions of all Environmental Approvals applicable to it; and

(iii) comply with all other applicable Environmental Law,

in each case where failure to do so would or is reasonably likely to have a Material Adverse Effect;

(b) Each Obligor will and will procure that each of its Subsidiaries will, promptly upon receipt of the same, notify the Facility Agent of any claim, notice or other communication served on it in respect of any alleged breach of, or corrective or remedial obligation or liability under, any Environmental Law which, if substantiated, would or is reasonably likely to either have a Material Adverse Effect or result in any liability for a Finance Party.

19.12. Treasury transactions

Each Obligor will not, and will procure that no member of the Group will, enter into any interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements other than:

(a) transactions and arrangements entered into by any Obligor with a Hedging Bank directly relating to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Group permitted to subsist by the terms of this Agreement (or transactions and arrangements relating to interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements that themselves relate to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Group permitted to subsist by the terms of this Agreement), in each case excluding any such transactions or arrangements that directly or indirectly relate to Subordinated Shareholder Loans; and

(b) transactions and arrangements entered into by any Obligor with a Hedging Bank directly relating to the management of currency exchange risk arising out of income denominated in a currency other than euro.

19.13. Restricted payments

Each Obligor will not, and will procure that no member of the Group will, make any Restricted Payments other than Permitted Payments or enter into any transaction with a Restricted Person other than on bona fide arm’s length commercial terms or on terms which are fair and reasonable and in the best interests of the Group.

19.14. Insurance

Each Obligor will, and will procure that each member of the Group will, insure its assets and business to such an extent and against such risks as a prudent company engaged in a similar business would insure.

19.15. Loans and guarantees

Each Obligor will not, and will procure that no member of the Group will make any loans, grant any credit or give any guarantee, to or for the benefit of, or enter into any transaction having the effect of lending money to, any person, other than:

(a) loans from a member of the Group to another member of the Group provided that no Obligor shall make a loan to any other member of the Group unless such Obligor has already entered into a pledge of receivables which creates an effective pledge in favour of the Security Agent in relation to such loan or, within 60 days of making the loan:

  (i) such Obligor has entered into an Obligor Pledge of Receivables which creates an effective pledge in favour of the Security Agent in relation to such loan and provided the Security Agent with such evidence as it may reasonably request as to the power and authority of such Obligor to enter into such Obligor Pledge of Receivables and that such Obligor Pledge of Receivables constitutes valid and legally binding obligations of such Obligor enforceable in accordance with its terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and

  (ii) the relevant member of the Group to whom the loan has been made has given a notification of pledge to the Security Agent in respect of such loan;

(b) as permitted by Clause 19.7 (Financial Indebtedness);

(c) normal trade credit in the ordinary course of business;

(d) guarantees given:

  (i) by any Obligor in respect of the liabilities of another Obligor;

  (ii) by a member of the Group in respect of the liabilities of an Obligor;

  (iii) by a member of the Group (which is not an Obligor) in respect of the liabilities of another member of the Group (which is not an Obligor);

  (iv) by an Obligor in respect of the liabilities of any other member of the Group to the extent that such liabilities could have been incurred by such Obligor directly without breaching this Agreement;

(e) to the extent that the same constitute Permitted Payments or a Permitted Disposal (not being a Permitted Disposal of cash or cash equivalents);

(f) loans, the granting of credit, guarantees and other transactions having the effect of lending money (each a **Lending Transaction**) from a member of the Group, in connection with an acquisition by that member which is permitted by Clause 19.10 (Acquisitions and mergers), to the relevant person being acquired or one or more of its Subsidiaries, provided that the aggregate outstanding principal amount of all Lending Transactions (which principal amount shall be deemed to be no longer outstanding for this purpose at the time the beneficiary of the relevant Lending Transaction becomes a member of the Group upon completion of the relevant acquisition, provided such Lending Transaction was made to or in favour of the person acquired or its Subsidiaries) shall not exceed €100,000,000 at any time; and

(g) Lending Transactions from a member of the Group to any person of the proceeds of equity subscribed by any Restricted Person in, or Subordinated Shareholder Loans provided to, such member (other than any such proceeds which are otherwise applied in mandatory prepayment of any or all Facilities under this Agreement).

19.16. Holding Companies

The Company shall procure that Telenet Group Holding NV and Holdco shall not trade, carry on any business, own any asset or incur any liabilities except for:

(a) the provision of administrative services (excluding treasury services) to other members of the Group of a type customarily provided by a holding company to its Subsidiaries; and

(b) ownership of shares in its Subsidiaries, intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts, cash and cash equivalent investments.

19.17. Shareholder Loans

(a) Each Obligor will procure that at any time a Restricted Person makes any Financial Indebtedness (other than Permitted Payments) available to any member of the Group, such Restricted Person shall enter into a Pledge of Subordinated Shareholder Loans on terms and conditions satisfactory to the Facility Agent and a Security Provider's Deed of Accession (each within 30 days of the date on which any such Financial Indebtedness is made available to that member of the Group) and provides (i) the Facility Agent with such documents and evidence as it may reasonably require as to the power and authority of the Restricted Person to enter into such Pledge of Subordinated Shareholder Loans and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such Restricted Person enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and (ii) notification of such pledge to the relevant member of the Group.

(b) Each Obligor shall ensure that each Subordinated Shareholder Loan and each shareholder loan entered into between an Obligor which is a party to an Existing Security Document that creates a pledge over intercompany loan receivables or an Obligor Pledge of Receivables as a creditor and a member of the Group is documented as a loan between that borrower and lender and governed by the law of the Kingdom of Belgium.

19.18. Intellectual Property Rights

Except as otherwise permitted by this Agreement, each Obligor will, and will procure that each of its Subsidiaries will:

(a) make such registrations and pay such fees and similar amounts as are necessary to keep those registered Intellectual Property Rights owned by any member of the Group and which are material to the conduct of the business of the Group as a whole from time to time;

(b) take such steps as are necessary and commercially reasonable (including, without limitation, the institution of legal proceedings) to prevent third parties infringing those Intellectual Property Rights referred to in paragraph (a) above and (without prejudice to paragraph (a) above) take such other steps as are reasonably practicable to maintain and preserve its interests in those rights, except where failure to do so will not have or be reasonably likely to have a Material Adverse Effect;

(c) ensure that any licence arrangements in respect of the Intellectual Property Rights referred to in paragraph (a) above entered into with any third party are entered into on arm's length terms and in the ordinary course of business (which shall include, for the avoidance of doubt, any such licensing arrangements entered into in connection with outsourcing on normal commercial terms) and will not have or be reasonably likely to have a Material Adverse Effect;

(d) not permit any registration of any of the Intellectual Property Rights referred to in paragraph (a) above to be abandoned, cancelled or lapsed or to be liable to any claim of abandonment for non-use or otherwise to the extent the same would or is reasonably likely to have a Material Adverse Effect; and

(e) pay all fees, and comply with each of its material obligations under, any licence of Intellectual Property Rights which are material to the conduct of the business of the Group as a whole from time to time.

19.19. Share capital

Each Obligor will not, and will procure that no member of the Group (other than in respect of such other members of the Group in order to permit a solvent reorganisation permitted under Clause 19.10(b)(iii) (Acquisitions and mergers)) will, reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it, except to the extent the same: (a) constitutes a Permitted Payment; (b) is a payment to an Obligor (or, if not paid directly, results in the creation of a receivable from such Obligor towards the Obligor effecting the capital decrease or share redemption); (c) is a payment by a non-Obligor to another non-Obligor; (d) is carried out through an incorporation of losses; or (e) in the case of members of the Group other than the Obligors, is otherwise permitted by Clause 19.13 (Restricted payments).

19.20. Share security

Each Obligor will not, and will procure that no member of the Group will, issue any shares of any class provided that:

(a) any member of the Group may issue shares to or otherwise acquire additional rights from any other member of the Group so long as (if any of the existing shares in the relevant member of the Group are charged or pledged in favour of any Beneficiary) such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents, if any) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;

(b) the Company may issue shares to Holdco provided that such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents, if any) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;

(c) any member of the Group may issue shares pursuant to the exercise of Approved Stock Options;

(d) a member of the Group may issue shares as part of a Majority Acquisition or merger or consolidation or JV Minority Acquisition permitted by Clause 19.10 (Acquisitions and mergers), provided that the issue of such shares does not cause the Company to cease, directly or indirectly, to own 75 per cent or more. of the issued share capital of that member of the Group.

19.21. Financial year end

Each Obligor will, and will procure that its Subsidiaries which are members of the Group will, maintain a financial year end of 31 December save with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders in each case not to be unreasonably withheld).

19.22. Capital expenditure

Each Obligor will not, and will procure that no member of the Group will, incur any material Capital Expenditure other than in relation to the Permitted Business.

19.23. Constitutive documents

Each Obligor will not, and will procure that no member of the Group will, amend its constitutive documents in any way which would or is reasonably likely to materially adversely affect (in terms of value, enforceability or otherwise) any charge or pledge over the shares or partnership interest of any member of the Group granted to the Beneficiaries pursuant to the Security Documents.

19.24. ERISA

Each Obligor will, and will procure that its Subsidiaries which are members of the Group will, give the Facility Agent prompt notice of the adoption of, participation in or contribution to any Plan by it or any ERISA Affiliate, or any action by any of these to adopt, participate in or contribute to any Plan, or the incurrence by any of them of any liability or obligation to any Plan.

19.25. U.S. Borrowers

(a) Each Borrower will ensure that the proceeds of any loan made to a U.S. Borrower and the proceeds of any drawing made by a U.S. Borrower shall be invested by way of intercompany loan or equity subscription in one or more other members of the Group within five Business Days of receipt of such proceeds or, as the case may be, the relevant Utilisation Date.

(b) Each Obligor will ensure that any intercompany loan made by a U.S. Borrower to any Obligor or any Subsidiary of an Obligor which is a member of the Group is made on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of that U.S. Borrower and entered into in good faith.

(c) Each Obligor will procure that no U.S. Borrower carries on any business or activities other than acting as a U.S. Finance Vehicle.

20. DEFAULT

20.1. Events of Default

Each of the events or circumstances set out in this Clause is an Event of Default.

20.2. Non-payment

An Obligor does not pay on the due date any amount payable by it under the Finance Documents in the manner required under the Finance Documents, unless the non-payment:

(a) is caused by technical or administrative error; and

(b) is remedied within three Business Days of the due date.

20.3. Breach of other obligations

(a) An Obligor does not comply with any of Clause 18 (Financial Covenants) or any of Clauses 19.4 (Pari passu ranking), 19.5 (Negative pledge), 19.6 (Disposals), 19.10 (Acquisitions and mergers), 19.13 (Restricted payments), 19.15 (Loans and guarantees) or 19.20 (Share security); or

(b) an Obligor does not comply with any other term of the Finance Documents (other than any term referred to in Clause 20.2 (Non-payment) or in paragraph (a) above), unless the non-compliance:

(i) is capable of remedy; and

(ii) is remedied within 30 days of the earlier of the Facility Agent giving notice of the breach to the Company and any Obligor becoming aware of the non-compliance.

20.4. Misrepresentation

A representation or warranty made or repeated by an Obligor in or in connection with any Finance Document or in any document delivered by or on behalf of any Obligor under or in connection with any Finance Document is incorrect or misleading in any material respect when made or deemed to be repeated, unless the circumstances giving rise to the misrepresentation or breach of warranty:

(a) are capable of remedy; and

(b) are remedied within 30 days of the earlier of the Facility Agent giving notice and the Obligor becoming aware of the misrepresentation or breach of warranty.

20.5. Cross-default and cross acceleration

Any of the following occurs in respect of a member of the Group, SuperHoldco or Holdco:

(a) any of its Financial Indebtedness is not paid when due and payable (after the expiry of any originally applicable grace period); or

(b) any of its Financial Indebtedness:

(i) becomes prematurely due and payable;

(ii) is placed on demand; or

(iii) is capable of being declared by or on behalf of a creditor to be prematurely due and payable or of being placed on demand,

in each case, as a result of an event of default or any provision having a similar effect (howsoever described); or

(c) any commitment for its Financial Indebtedness is cancelled or suspended as a result of an event of default or any provision having a similar effect (howsoever described),

unless the aggregate amount of Financial Indebtedness falling within all or any of paragraphs (a) to (c) above is less than €50,000,000 or its equivalent.

20.6. Insolvency

(a) Any of the following occurs in respect of a Material Group Member:

(i) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent (*is in staat van staking van betalingen/est en état de cessation de paiments*);

(ii) it admits its inability to pay its debts as they fall due;

(iii) it suspends making payments on any of its debts generally or announces an intention so to do;

(iv) by reason of actual or anticipated financial difficulties, it begins negotiations with any creditors generally for the rescheduling of any of its indebtedness; or

(v) a moratorium is declared in respect of any of its indebtedness exceeding €10,000,000 (or its equivalent) in aggregate.

(b) **United States of America**: any Material Group Member which is formed, organised or incorporated under the laws of the United States or any State of the United States or the District of Columbia, or that resides or has a domicile, a place of business or property in the United States (each a **U.S. Obligor**):

(i) admits in writing its inability to, or be generally unable to, pay its debts as such debts become due;

(ii) makes a general assignment for the benefit of creditors;

(iii) shall have had appointed a receiver, a custodian, trustee or similar official for, or a receiver, custodian, trustee or similar official shall have taken possession of, all or substantially all of its assets, in proceedings brought by or against such Obligor or Material Subsidiary, and such appointment shall not have been discharged or such possession shall not have been terminated within 60 days after the effective date thereof or such Obligor or Material Subsidiary shall have consented to or acquiesced in such appointment or possession;

(iv) shall have filed a petition for relief under the insolvency, bankruptcy or similar laws of the United States of America or any state thereof, or an involuntary petition for such relief shall have been filed against any such Obligor or Material Subsidiary under such laws and shall not have been dismissed or terminated within 60 days after such involuntary petition is filed; or

(v) shall have failed to have discharged or obtained a stay of any proceeding to enforce, within a period of 45 days after the commencement thereof, any attachment, sequestration or similar proceeding asserted against all or substantially all of the assets of such Obligor or Material Subsidiary.

20.7. Insolvency proceedings

(a) Except as provided below, any of the following occurs in respect of a Material Group Member:

(i) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors;

(ii) a meeting of it is convened for the purpose of considering any resolution for (or to petition for) its winding-up, administration, examination or dissolution or any such resolution is passed;

(iii) any person presents a petition or files documents with the appropriate legal authorities for its winding-up, administration, examination, dissolution, bankruptcy (*faillite/faillissement*) or judicial composition (*concordat judiciaire/gerechtelijk akkoord*);

(iv) an order for its winding-up, administration, examination, dissolution, bankruptcy (*faillite/faillissement*) or judicial composition (*concordat judiciaire/gerechtelijk akkoord*) is made;

(v) any liquidator, trustee in bankruptcy, examination, judicial custodian, compulsory manager, receiver, administrative receiver, administrator, *voorlopig bewindvoerder/administrateur judiciaire* or similar officer is appointed in respect of it;

(vi) its directors or other officers request the appointment of a liquidator, trustee in bankruptcy, examination, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or

(vii) any other analogous step or procedure is taken in any jurisdiction.

(b) Paragraph (a) above does not apply to:

(i) any step or procedure which is part of a Permitted Transaction; or

(ii) a petition for winding-up presented by a creditor which is being contested in good faith and with due diligence or where steps are diligently being taken to remedy the grounds for the petition and (in each case) the relevant petition is discharged or struck out within 90 days (or within 30 days of the end of any longer period applicable under an order of court staying proceedings) or such longer period as the Majority Lenders may agree (acting reasonably).

20.8. Creditors' process

Any attachment, sequestration, execution, executory or conservatory seizure (*uitvoerend of bewarend beslag/saisie exécution ou conservatoire*) or analogous event affects any asset(s) of a Material Group Member, having an aggregate value of €25,000,000, or more (in the case of a conservatory seizure or sequestration) and (in the case of a conservatory seizure or sequestration) is not discharged within 90 days.

20.9. Similar proceedings

Anything which has an equivalent effect to any of the events specified in Clauses 20.6 (Insolvency) to 20.8 (Creditors' process) (inclusive) shall occur under the laws of any applicable jurisdiction in relation to any member of the Borrower Group.

20.10. Cessation of business

An Obligor or a member of the Group ceases, or threatens to cease, to carry on business in circumstances which would have a Material Adverse Effect except:

(a) as part of a Permitted Transaction; or

(b) as a result of any disposal allowed under this Agreement.

20.11. Effectiveness of Finance Documents

(a) It is or becomes unlawful for any Material Group Member or any Subordinated Creditor to perform any of its obligations under the Finance Documents.

(b) The guarantee of any Guarantor or any Security Interest created by any Security Documents is not effective or is alleged by an Obligor to be ineffective for any reason.

(c) Any Finance Document is not effective in accordance with its terms or is alleged by an Obligor to be ineffective in accordance with its terms for any reason.

(d) An Obligor or Subordinated Creditor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

20.12. Ownership of the Obligors

An Obligor (other than the Company) is not or ceases to be a Subsidiary of the Company other than as a result of a Permitted Disposal or a Permitted Transaction.

20.13. Expropriation

The authority or ability of any Obligor to conduct its business is wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention or other action by or on behalf of any governmental, regulatory or other authority or other person.

20.14. Intercreditor Agreement

(a) Any Obligor, member of the Group, SuperHoldco or Holdco does not perform its obligations under, or breaches the terms of, the Intercreditor Agreement unless the non-compliance:

(i) is capable of remedy; and

(ii) is remedied within 30 days of the earlier of the Facility Agent giving notice of the breach to the Company and any Obligor becoming aware of the non-compliance.

(b) A representation or warranty given by an Obligor in the Intercreditor Agreement is incorrect in any material respect unless the circumstances giving rise to the misrepresentation or breach of warranty:

(i) are capable of remedy; and

(ii) are remedied within 30 days of the earlier of the Facility Agent giving notice and the Obligor becoming aware of the misrepresentation or breach of warranty.

20.15. Material Contracts

(a) Except as is required by any term of this Agreement, any Material Contract to which a member of the Group is a party is terminated, suspended, revoked or cancelled or otherwise ceases to be in full force and effect, unless:

(i) in the case of the Belgacom Interconnect Agreement only, services of a similar nature to those provided pursuant to such Material Contract are at all times provided to the Group on terms which are not materially more onerous on the relevant member of the Group or on the terms imposed by the mandatory requirements of any regulatory body; or

(ii) such termination, suspension, revocation, cancellation or cessation (in the reasonable opinion of the Facility Agent) would not or is not reasonably likely to have a Material Adverse Effect.

(b) Any alteration or variation is made to any term of any Material Contract to which a member of the Group is a party which individually or cumulatively (in the reasonable opinion of the Facility Agent) would or is reasonably likely to have a Material Adverse Effect.

(c) Any party breaches any term of or repudiates any of its obligations under any Material Contract to which a member of the Group is a party where such breach or repudiation (in the opinion of the Facility Agent exercised reasonably) would or is reasonably likely to have a Material Adverse Effect unless, in the case of a breach of a Material Contract by any person other than any member of the Group, the relevant services are at all relevant times provided to the appropriate members of the Group on the basis set out in (a) above.

20.16. Loss of Licences

Any Licence is in whole or part:

(a) terminated, suspended or revoked or does not remain in full force and effect or otherwise expires and is not renewed prior to its expiry (in each case, without replacement by Licence(s) have substantially equivalent effect) in any case in a manner which would or is reasonably likely to have a Material Adverse Effect; or

(b) is modified or is reached in a manner which would or is reasonably likely to have a Material Adverse Effect.

20.17. Material Adverse Change

Any event or series of events occurs which would or is reasonably likely to have a Material Adverse Effect.

20.18. ERISA

The occurrence of:

(a) any event or condition that presents a material risk that any member of the Group or any ERISA Affiliate may incur a material liability to a Plan or to the United States Internal Revenue Service or to the United States Pension Benefit Guaranty Corporation; or

(b) an "accumulated funding deficiency" (as that term is defined in section 412 of the United States Internal Revenue Code of 1986, as amended, or section 302 of ERISA), whether or not waived, by reason of the failure of any member of the Group or any ERISA Affiliate to make a contribution to a Plan.

20.19. Acceleration

If an Event of Default is outstanding, the Facility Agent may, and must if so instructed by the Majority Lenders, by notice to the Company:

(a) cancel all or any part of the Total Commitments if not already cancelled under Clause 20.20 (Automatic Acceleration); and/or

(b) declare that all or part of any amounts outstanding under the Finance Documents are:

(i) immediately due and payable; and/or

(ii) payable on demand by the Facility Agent acting on the instructions of the Majority Lenders.

Any notice given under this Subclause will take effect in accordance with its terms.

20.20. Automatic Acceleration

If an Event of Default described in Clause 20.6(b)(ii), (iii) or (iv) (United States of America) occurs, or upon the entry of an order for relief in a voluntary or involuntary bankruptcy of a U.S. Obligor, all outstanding Loans drawn by a U.S. Borrower under this Agreement will be immediately and automatically due and payable and the Total Commitments (to the extent they relate to such Loans) will, if not already cancelled under this Agreement, be immediately and automatically cancelled.

21. THE ADMINISTRATIVE PARTIES

21.1. Appointment and duties of the Agents

(a) Each Finance Party (other than the Facility Agent and the Security Agent (as the case may be)) irrevocably appoints each Agent to act as its agent under and in connection with the Finance Documents.

(b) Each Finance Party irrevocably authorises each Agent to:

(i) perform the duties and to exercise the rights, powers and discretions that are specifically given to it under the Finance Documents, together with any other incidental rights, powers and discretions; and

(ii) execute each Finance Document expressed to be executed by such Agent.

(c) Each Agent has only those duties which are expressly specified in the Finance Documents. Subject to the terms of Clause 2.9 (Security Agent as joint creditor), those duties are solely of a mechanical and administrative nature.

21.2. Role of the Mandated Lead Arrangers

Except as specifically provided in the Finance Documents, no Mandated Lead Arranger has any obligations of any kind to any other Party in connection with any Finance Document.

21.3. No fiduciary duties

Nothing in the Finance Documents makes an Administrative Party a trustee or fiduciary for any other Party or any other person. No Administrative Party need hold in trust any moneys paid to it or recovered by it for a Party in connection with the Finance Documents or be liable to account for interest on those moneys.

21.4. Individual position of an Administrative Party

(a) If it is also a Lender, each Administrative Party has the same rights and powers under the Finance Documents as any other Lender and may exercise those rights and powers as though it were not an Administrative Party.

(b) Each Administrative Party may:

(i) carry on any business with an Obligor or its related entities (including acting as an agent or a trustee for any other financing); and

(ii) retain any profits or remuneration it receives under the Finance Documents or in relation to any other business it carries on with an Obligor or its related entities.

21.5. Reliance

Each Agent may:

(a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;

(b) rely on any statement made by any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify;

(c) assume, unless the context otherwise requires, that any communication made by an Obligor is made on behalf of and with the consent and knowledge of each Obligor;

(d) engage, pay for and rely on professional advisers selected by it (including those representing a Party other than the relevant Agent); and

(e) act under the Finance Documents through its personnel and agents.

21.6. Majority Lenders' instructions

(a) Each Agent is fully protected if it acts on the instructions of the Majority Lenders in the exercise of any right, power or discretion or any matter not expressly provided for in the Finance Documents. Any such instructions given by the Majority Lenders will be binding on all the Lenders. In the absence of instructions, each Agent may act as it considers to be in the best interests of all the Lenders.

(b) Each Agent may assume that unless it has received notice to the contrary, any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

(c) No Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings in connection with any Finance Document.

(d) Each Agent may require the receipt of security satisfactory to it, whether by way of payment in advance or otherwise, against any liability or loss which it may incur in complying with the instructions of the Majority Lenders.

21.7. Responsibility

(a) No Administrative Party is responsible to any other Finance Party for the adequacy, accuracy or completeness of any statement or information (whether written or oral) made in or supplied in connection with any Finance Document including the Information Memorandum.

(b) No Administrative Party is responsible to any other Finance Party for the legality, validity, effectiveness, adequacy, completeness or enforceability of any Finance Document or any other document.

(c) Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms that it:

(i) has made, and will continue to make, its own independent appraisal of all risks arising under or in connection with the Finance Documents (including the financial condition and affairs of each Obligor and its related entities and the nature and extent of any recourse against any Party or its assets); and

(ii) has not relied exclusively on any information provided to it by any Administrative Party in connection with any Finance Document or agreement entered into in anticipation of or in connection with any Finance Document.

21.8. Exclusion of liability

(a) No Agent is liable or responsible to any other Finance Party for any action taken or not taken by it in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the relevant Agent) may take any proceedings against any officers, employees or agents of another Administrative Party in respect of any claim it might have against that Agent or in respect of any act or omission of any kind by that officer, employee or agent in connection with any Finance Document. Any officer, employee or agent of an Administrative Party may rely on this Subclause and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

(c) An Agent is not liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by that Agent if that Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by that Agent for that purpose.

(d) Nothing in this Agreement will oblige any Administrative Party to satisfy any know your customer requirement in relation to the identity of any person on behalf of any Finance Party.

(e) Each Finance Party confirms to each Administrative Party that it is solely responsible for any know your customer requirements it is required to carry out and that it may not rely on any statement in relation to those requirements made by any other person.

21.9. Default

(a) Neither Agent is obliged to monitor or enquire whether a Default has occurred. No Agent is deemed to have knowledge of the occurrence of a Default.

(b) If an Agent:

(i) receives notice from a Party referring to this Agreement, describing a Default and stating that the event is a Default; or

(ii) is aware of the non-payment of any principal, interest or fee payable to a Lender under this Agreement,

it must promptly notify the other Lenders.

21.10. Information

(a) Each Agent must promptly forward to the person concerned the original or a copy of any document which is delivered to that Agent by a Party for that person.

(b) Except where a Finance Document specifically provides otherwise, no Agent is obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) Except as provided above, no Agent has a duty:

(i) either initially or on a continuing basis to provide any Lender with any credit or other information concerning the risks arising under or in connection with the Finance Documents (including any information relating to the financial condition or affairs of any Obligor or its related entities or the nature or extent of recourse against any Party or its assets) whether coming into its possession before, on or after the date of this Agreement; or

(ii) unless specifically requested to do so by a Lender in accordance with a Finance Document, to request any certificate or other document from any Obligor.

(d) In acting as an Agent, the agency division of that Agent is treated as a separate entity from its other divisions and departments. Any information acquired by an Agent which, in its opinion, is acquired by it otherwise than in its capacity as that Agent may be treated as confidential by that Agent and will not be treated as information possessed by that Agent in its capacity as such.

(e) The Facility Agent is not obliged to disclose to any person any confidential information supplied to it by or on behalf of a member of the Group solely for the purpose of evaluating whether any waiver or amendment is required in respect of any term of the Finance Documents.

(f) Each Obligor irrevocably authorises each Agent to disclose to the other Finance Parties any information which, in its opinion, is received by it in its capacity as that Agent.

21.11. Indemnities

(a) Without limiting the liability of any Obligor under the Finance Documents, each Lender must indemnify each Agent for that Lender's Pro Rata Share of any cost, claim, loss, expense (including legal fees) or liability incurred by such Agent in acting as the Facility Agent or the Security Agent, except to the extent that the loss or liability is caused by such Agent's gross negligence or wilful misconduct.

(b) If a Party owes an amount to an Agent under the Finance Documents, that Agent may, after giving notice to that Party:

(i) deduct from any amount received by it for that Party any amount due to that Agent from that Party under a Finance Document but unpaid; and

(ii) apply that amount in or towards satisfaction of the owed amount,

that Party will be regarded as having received the amount so deducted.

21.12. Compliance

Each Agent may refrain from doing anything (including disclosing any information) which might, in its opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its opinion, is necessary or desirable to comply with any law or regulation.

21.13. Resignation of an Agent

(a) Each Agent may resign and appoint any of its Affiliates as successor Agent by giving notice to the other Finance Parties and the Company.

(b) Alternatively, an Agent may resign by giving notice to the Finance Parties and the Company, in which case the Majority Lenders may appoint a successor Agent.

(c) If no successor Agent has been appointed under paragraph (b) above within 30 days after notice of resignation was given, the resigning Agent may appoint a successor for such Agent.

(d) The person(s) appointing a successor Agent must, if practicable, consult with the Company prior to the appointment.

(e) The resignation of an Agent and the appointment of any successor Agent will both become effective only when the successor Agent notifies all the Parties that it accepts its appointment. On giving the notification, the successor Agent will succeed to the position of the Facility Agent or Security Agent as appropriate and the term Facility Agent will mean the successor Facility Agent and the term Security Agent will mean the successor Security Agent.

(f) The retiring Agent must, at its own cost, make available to the successor Agent such documents and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as the Agent under the Finance Documents.

(g) Upon its resignation becoming effective, this Clause will continue to benefit the retiring Agent in respect of any action taken or not taken by it in connection with the Finance Documents while it was the Agent, and, subject to paragraph (f) above, it will have no further obligations under any Finance Document.

(h) The Majority Lenders may, by notice to an Agent, require it to resign under paragraph (b) above.

(i) The Company may, if it is unsatisfied (acting reasonably) with the performance by an Agent of its role as Agent, following a period of consultation with the relevant Agent of not less than 14 days, by notice to that Agent require it to resign. Such notice must specify the reasons for which the Company is seeking the Agent's resignation, which must be based on reasonable grounds. In this event, the relevant Agent shall resign in accordance with paragraph (b) above.

21.14. Relationship with Lenders

(a) Each Agent may treat each Lender as a Lender, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received not less than five Business Days' prior notice from that Lender to the contrary.

(b) Each Agent may at any time, and must if requested to do so by the Majority Lenders, convene a meeting of the Lenders.

(c) The Facility Agent must keep a register with respect to the Parties and the Commitments and must supply any other Party with a copy of the information contained in that register on request. The register must include:

(i) the name, address and other contact details of each Party;

(ii) the Facility Office of each Lender;

(iii) the Commitments of each Lender;

(iv) the principal amounts, the applicable interest rates and, if applicable, the Terms of each Lender's Loans; and

(v) information concerning any other amounts owing to a Finance Party.

Entries in the register shall be conclusive and binding, absent manifest error.

21.15. Agent's management time

If an Agent requires, any amount payable to that Agent by any Party under any indemnity or in respect of any costs or expenses incurred by that Agent under the Finance Documents after the date of this Agreement may include the cost of using its management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as that Agent may notify to the relevant Party. This is in addition to any amount in respect of fees or expenses paid or payable to that Agent under any other term of the Finance Documents.

21.16. Notice period

Where this Agreement specifies a minimum period of notice to be given to an Agent, that Agent may, at its discretion, accept a shorter notice period.

21.17. Release of Security

The Security Agent shall manage the Security Documents on its own behalf and as agent on behalf of the other Finance Parties. The Security Agent shall and is hereby authorised by each of the Finance Parties (and to the extent it may have any interest therein, every other party hereto) to execute on behalf of itself and each of the Finance Parties (other than the Security Agent) and every other party hereto where relevant without the need for any further referral to, or authority from, any Finance Party or other person hereto all such releases of security and guarantees given by Obligors under any Finance Document. The Security Agent may effect such a release as soon as it has received confirmation from the Facility Agent that all Finance Party Claims and Security Agent Claims have been repaid in full and there is no possibility of any Finance Party Claims and Security Agent Claims coming or re-entering into existence.

22. EVIDENCE AND CALCULATIONS

22.1. Accounts

Accounts maintained by a Finance Party in connection with this Agreement are prima facie evidence of the matters to which they relate for the purpose of any litigation or arbitration proceedings.

22.2. Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under the Finance Documents will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

22.3. Calculations

Any interest or fee accruing under this Agreement accrues from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or otherwise, depending on what the Facility Agent determines (acting reasonably) is market practice.

23. FEES

23.1. Agent's fee

The Company must pay to the relevant Agent for its own account an agency fee in the manner agreed in the Fee Letter between the Agent and the Company.

23.2. Arrangement fee

The Company must pay to each Mandated Lead Arranger for its own account an arrangement fee in the manner agreed in the Fee Letter between the Mandated Lead Arrangers and the Company.

23.3. Term Loan A Facility commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee in respect of the Term Loan A Facility computed at the rate of 40 per cent. of the Term Loan A Facility Margin per annum on that Lender's undrawn Term Loan A Facility Commitment, subject to a maximum of 0.75 per cent. per annum.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Term Loan A Facility Commitment is cancelled in full.

23.4. Term Loan B1 Facility commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee in respect of the Term Loan B1 Facility computed at the rate of 40 per cent. of the Term Loan B1 Facility Margin per annum on that Lender's undrawn Term Loan B1 Facility Commitment, subject to a maximum of 1 per cent. per annum.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Term Loan B1 Facility Commitment is cancelled in full.

23.5. Term Loan B2A Facility commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee in respect of the Term Loan B2A Facility computed at the rate of 40 per cent. of the Term Loan B2A Facility Margin per annum on that Lender's undrawn Term Loan B2A Facility Commitment, subject to a maximum of 1 per cent. per annum.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Term Loan B2A Facility Commitment is cancelled in full.

23.6. Term Loan B2B Facility commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee in respect of the Term Loan B2B Facility computed at the rate of 40 per cent. of the Term Loan B2B Facility Margin per annum on that Lender's undrawn Term Loan B2B Facility Commitment, subject to a maximum of 1 per cent. per annum.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Term Loan B2B Facility Commitment is cancelled in full.

23.7. Term Loan C Facility commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee in respect of the Term Loan C Facility computed at the rate of 40 per cent. of the Term Loan C Facility Margin per annum on that Lender's undrawn Term Loan C Facility Commitment, subject to a maximum of 1 per cent. per annum.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Term Loan C Facility Commitment is cancelled in full.

23.8. Revolving Facility commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee in respect of the Revolving Facility computed at the rate of 40 per cent. of the Revolving Facility Margin per annum on that Lender's undrawn Revolving Facility Commitment, subject to a maximum of 0.75 per cent. per annum.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Revolving Facility Commitment is cancelled in full.

24. INDEMNITIES AND BREAK COSTS

24.1. Currency indemnity

(a) Each Obligor must, as an independent obligation, indemnify each Finance Party against any loss or liability which that Finance Party incurs as a consequence of:

(i) that Finance Party receiving an amount in respect of an Obligor's liability under the Finance Documents; or

(ii) that liability being converted into a claim, proof, judgment or order,

in a currency other than the currency in which the amount is expressed to be payable under the relevant Finance Document.

(b) Unless otherwise required by law, each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

24.2. Other indemnities

(a) Each Obligor must indemnify each Finance Party against any loss or liability which that Finance Party incurs as a consequence of:

(i) the occurrence of any Default;

(ii) any failure by an Obligor to pay any amount due under a Finance Document on its due date, including resulting from any distribution or redistribution of any amount among the Lenders under this Agreement;

(iii) (other than by reason of negligence or default by that Finance Party) a Loan not being made after a Request has been delivered for that Loan; or

(iv) a Loan (or part of a Loan) not being prepaid in accordance with this Agreement.

Each Obligor's liability in each case includes any loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under any Finance Document or any Loan.

(b) Each Obligor must indemnify the Facility Agent against any loss or liability incurred by the Facility Agent as a result of:

(i) investigating any event which the Facility Agent reasonably believes to be an Event of Default; or

(ii) acting or relying on any notice which it reasonably believes to be genuine, correct and appropriately authorised.

24.3. Break Costs

(a) Each Borrower must pay to each Lender its Break Costs.

(b) Break Costs are the amount (if any) determined by the relevant Lender by which:

(i) the interest (excluding Margin and Mandatory Costs) which that Lender would have received for the period from the date of receipt of any part of its share in a Loan or an overdue amount to the last day of the applicable Term for that Loan or overdue amount if the principal or overdue amount received had been paid on the last day of that Term;

exceeds

(ii) the amount which that Lender would be able to obtain by placing an amount equal to the amount received by it on deposit with a leading bank in the appropriate interbank market for a period starting on the Business Day following receipt and ending on the last day of the applicable Term.

(c) Each Lender must supply to the Facility Agent for the relevant Borrower details of the amount of any Break Costs claimed by it under this Subclause.

25. EXPENSES

25.1. Initial costs

Each Obligor must pay to each Administrative Party the amount of all reasonable duly evidenced costs and expenses (including legal fees any value added tax or similar tax and any costs associated with perfecting any security under the Security Documents) incurred by it in connection with the negotiation, preparation, printing, entry into and syndication of the Finance Documents.

25.2. Subsequent costs

Each Obligor must pay to an Agent the amount of all reasonable duly evidenced costs and expenses (including legal fees any value added tax or similar tax and any costs associated with perfecting any security under the Security Documents) incurred by it in connection with:

(a) the negotiation, preparation, printing and entry into of any Finance Document (other than a Transfer Certificate) executed after the date of this Agreement; and

(b) any amendment, waiver or consent requested by or on behalf of an Obligor or specifically allowed by this Agreement.

25.3. Enforcement costs

Each Obligor must pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by it in connection with:

(a) the enforcement of, or the preservation of any rights under, any Finance Documents; or

(b) any proceedings instituted by or against an Agent as a consequence of it entering into a Security Document.

26. AMENDMENTS AND WAIVERS

26.1. Procedure

(a) Except as provided in this Clause, any term of the Finance Documents may be amended or waived with the agreement of the Company and the Majority Lenders. The Facility Agent may effect, on behalf of any Finance Party, an amendment or waiver allowed under this Clause.

(b) The Facility Agent must promptly notify the other Parties of any amendment or waiver effected by it under paragraph (a) above. Any such amendment or waiver is binding on all the Parties.

(c) Each Obligor agrees to any amendment or waiver allowed by this Clause or expressly permitted elsewhere in this Agreement which is agreed to by the Company. This includes any amendment or waiver which would, but for this paragraph, require the consent of each Guarantor if the guarantee under the Finance Documents is to remain in full force and effect.

26.2. Exceptions

(a) An amendment or waiver which:

(i) changes the definition of Majority Lenders in Clause 1.1 (Definitions);

(ii) changes any term of Clause 2.9 (Nature of a Finance Party's rights and obligations);

(iii) extends the date of payment of any amount to a Lender under the Finance Documents;

(iv) reduces the Margin or the amount of any payment of principal, interest, fee or other amount payable to a Lender under the Finance Documents;

(v) without prejudice to the provisions of Clause 2.7 (Telenet Additional Facility) and the ability of a Borrower to enter into a Telenet Additional Facility Accession Agreement, increases or extends the availability of a Commitment or the Total Commitments (other than pursuant to a Structural Adjustment or a Retranching Adjustment);

(vi) releases an Obligor (other than in order to effect a Permitted Transaction or a disposal of all, but not part, of the share capital of that Obligor in accordance with the terms of this Agreement);

(vii) relates to the release of an asset from a Security Document (except as otherwise expressly permitted herein or in any such Security Document and except in furtherance of a disposal or any other transaction which is permitted by any Finance Document);

(viii) changes a term of a Finance Document which expressly requires the consent of each Lender;

(ix) changes the right of a Lender to assign or transfer its rights or obligations under the Finance Documents; or

(x) changes any term of Clause 30 (Pro Rata Sharing); or

(xi) changes this Clause,

may only be made with the consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of an Administrative Party may only be made with the consent of that Administrative Party.

(c) A Fee Letter may be amended or waived with the agreement of the Administrative Party that is a party to that Fee Letter and the Company.

26.3. Non Consenting Lenders

(a) In this Clause:

Non Consenting Lender means a Lender who does not agree to a consent or amendment to, or a waiver of, a provision of a Finance Document where:

(i) the Company or the Facility Agent has requested the Lenders to consent to a departure from or waiver of any provision of any Finance Document or to agree to an amendment to any Finance Document;

(ii) the consent, waiver or amendment in question requires the consent of all of the Lenders;

(iii) a period of not less than 21 days has elapsed from the date the consent, waiver or amendment was requested;

(iv) the Majority Lenders have agreed to such consent, waiver or amendment; and

(v) the Company has notified the Facility Agent that it will treat the Lender as a Non Consenting Lender.

(b) If at any time any Lender becomes a Non Consenting Lender, then the Company may within 90 days of the date that Lender became a Non Consenting Lender:

(i) request that the Lenders take a transfer in accordance with Clause 27 (Changes to the Parties) of all of the rights and obligations under the Finance Documents of the Non Consenting Lender for an aggregate purchase price equal to the outstanding principal amount of such Non Consenting Lender's participation in the outstanding Loans and all accrued interest, fees and other amounts due and unpaid on the transfer date to that Non Consenting Lender under the Finance Documents; no Lender shall be obliged to accept such a transfer and any such transfer may be made in such proportions and to such Lenders as the Lenders agree. The Non Consenting Lender shall be required to transfer its rights and obligations under the Finance Documents to Lenders who agree to accept such transfer as contemplated in this sub-paragraph;

(ii) require the Non Consenting Lender to transfer, and the Non Consenting Lender must transfer, in accordance with Clause 27 (Changes to the Parties) all of its rights and obligations under the Finance Documents to another bank or financial institution (including any other Lender) which has agreed to acquire the Non Consenting Lenders rights and obligations under the Finance Documents (as notified by the Company to the Non Consenting Lender and in the proportions notified by the Company to the Non Consenting Lender) for an aggregate purchase price equal to the outstanding principal amount of such Non Consenting Lender's participation in the outstanding Loans and all accrued interest, fees and other amounts due and unpaid on the transfer date to that Non Consenting Lender under the Finance Documents; or

(iii) notwithstanding any other provision of this Agreement, if the Majority Lenders agree, the Company may prepay the Non Consenting Lender's participation in each Loan in full together with all accrued interest, fees and other amounts due and unpaid on the transfer date under the Finance Documents (including any Break Costs).

(c) The replacement of a Lender pursuant to this Clause 26.3 shall be subject to the following conditions:

(i) the Company shall have no right to replace the Facility Agent or Security Agent in its capacity as an Agent;

(ii) no Finance Party shall have any obligation to any Obligor to find a Lender or replace the Non Consenting Lender; and

(iii) in no event shall the Lender replaced under this Clause 26.3 be required to pay or surrender to any replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.

(d) For the avoidance of doubt, no Finance Party shall have any obligation to any Obligor to find a Lender to replace the Non Consenting Lender.

26.4. Change of currency

If a change in any currency of a country occurs (including where there is more than one currency or currency unit recognised at the same time as the lawful currency of a country), the Finance Documents will be amended to the extent the Facility Agent (acting reasonably and after consultation with the Company) determines is necessary to reflect the change.

26.5. Waivers and remedies cumulative

The rights of each Finance Party under the Finance Documents:

(a) may be exercised as often as necessary;

(b) are cumulative and not exclusive of its rights under the general law; and

(c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

26.6. Structural Adjustments

(a) In this Clause, a **Structural Adjustment** means:

(i) the introduction of any additional tranche or facility into the Finance Documents (other than a Telenet Additional Facility Commitment);

(ii) any increase in or addition of any Commitment (other than a Telenet Additional Facility Commitment), any extension of a Commitment's availability (other than as contemplated in paragraphs (b) and (c) of the definition of **Availability Period**) or the redenomination of a Commitment into another currency; and

(iii) any material changes to the Finance Documents which the Facility Agent agrees acting reasonably are consequential on any of the foregoing,

but, for the avoidance of doubt, does not include a Retranching Adjustment.

(b) Structural Adjustments may be approved with the consent of each of the following, subject to the provisions of the Intercreditor Agreement:

(i) the Majority Lenders; and

(ii) each Lender that is assuming a new Commitment (other than a Telenet Additional Facility Commitment) or an increased Commitment or whose Commitment's availability is being extended or redenominated, or to whom any amount (including interest), which is being redenominated is due.

26.7. Retranching Adjustments

(a) In this Clause, a **Retranching Adjustment** means:

(i) the retranching of all or any of the Term Loan A Facility, Term Loan B1 Facility, Term Loan B2A Facility, Term Loan B2B Facility or Term Loan C Facility (including any increase or reduction in the Total Commitments under any of those Facilities and/or an increase, addition or reduction of the Commitments of individual Lenders under any of those Facilities); and

(ii) any material changes to the Finance Documents which the Facility Agent agrees acting reasonably are consequential on any of the foregoing,

provided that the aggregate amount of the Commitments of Lenders under the Term Loan A Facility, Term Loan B1 Facility, Term Loan B2A Facility, Term Loan B2B Facility and Term Loan C Facility immediately after a proposed Retranching Adjustment must not exceed the aggregate amount of the Commitments of Lenders under those Facilities (on a combined basis) immediately prior to that Retranching Adjustment.

(b) Notwithstanding any other provision of this Agreement, Retranching Adjustments may be approved with the consent of each of the following:

(i) the Company;

(ii) each Lender that will have an increased or reduced Commitment pursuant to the Retranching Adjustment; and

(iii) any two of the Mandated Lead Arrangers.

27. CHANGES TO THE PARTIES

27.1. General

In this Clause:

Transfer Certificate means a transfer certificate in the form of Schedule 5 (Form of Transfer Certificate) with such amendments as the Facility Agent may approve or reasonably require or, any other form agreed between the Facility Agent and the Company; and

Transfer Date means, for a Transfer Certificate the later of:

(a) the proposed Transfer Date specified in that Transfer Certificate; and

(b) the date on which the Facility Agent executes that Transfer Certificate.

27.2. Assignments and transfers by Obligors

No Obligor may assign or transfer any of its rights and obligations under the Finance Documents without the prior consent of all the Lenders.

27.3. Transfers by Lenders

(a) A Lender (the **Existing Lender**) may, subject to the following provisions of this Subclause, at any time transfer (by way of novation) any of its rights and obligations under this Agreement to any person (the **New Lender**).

(b) Any transfer under paragraph (a) above shall be for an amount of not less than €2,000,000 (or if less, the aggregate of the Commitments of that Existing Lender and any other Existing Lender that is managed or controlled by the same investment manager subject to a threshold of €1,000,000).

(c) The consent of the Company is required for any assignment or transfer (other than pursuant to Syndication) unless the New Lender is another Lender or an Affiliate of a Lender or an Event of Default is outstanding. The consent of the Company must not be unreasonably withheld or delayed. The Company will be deemed to have given its consent ten Business Days after it is given notice of the request unless it is expressly refused by the Company within that time;

(d) The Company may not withhold its consent solely because the assignment or transfer might increase the Mandatory Cost.

(e) A transfer of obligations will be effective only if the obligations are novated in accordance with the following provisions of this Clause.

(f) Unless the Facility Agent otherwise agrees, the New Lender must pay to the Facility Agent for its own account, on or before the date any assignment or transfer occurs, a fee of €2,500.

(g) Any reference in this Agreement to a Lender includes a New Lender but excludes a Lender if no amount is or may be owed to or by it under this Agreement.

27.4. Procedure for transfer by way of novations

(a) A novation is effected if:

(i) the Existing Lender and the New Lender deliver to the Facility Agent a duly completed Transfer Certificate;

(ii) the Facility Agent executes it; and

(iii) the Facility Agent enters the name of the New Lender and the particulars concerning the transferred interests in the register referred to in Clause 21.14(c) (Relationship with Lenders).

(b) The Facility Agent must, as soon as reasonably practicable:

(i) execute and deliver a Transfer Certificate delivered to it and which appears on its face to be in order; and

(ii) enter the name of the New Lender and the details of the transferred interests in the register referred to in Clause 21.14(c) (Relationship with Lenders).

(c) Each Party (other than the Existing Lender and the New Lender) irrevocably authorises the Facility Agent to execute any duly completed Transfer Certificate on its behalf.

(d) On the Transfer Date:

(i) the New Lender will assume the rights and obligations of the Existing Lender expressed to be the subject of the novation in the Transfer Certificate in substitution for the Existing Lender; and

(ii) the Existing Lender will be released from those obligations and cease to have those rights.

(e) For the purposes of Article 1278 of the Belgian Civil Code, each Obligor, the Lenders and the New Lenders agree that, upon any transfer in whole or in part of any of its rights and obligations under this Agreement by way of novation or upon the implementation of any amendment or granting of any waiver which takes effect as a novation, the Security Interests created by the Security Documents will be preserved for the benefit of the New Lender, the Existing Lenders and the Security Agent.

27.5. Limitation of responsibility of Existing Lender

(a) Unless expressly agreed to the contrary, an Existing Lender is not responsible to a New Lender for the legality, validity, adequacy, accuracy, completeness or performance of:

(i) any Finance Document or any other document; or

(ii) any statement or information (whether written or oral) made in or supplied in connection with any Finance Document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made, and will continue to make, its own independent appraisal of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement; and

(ii) has not relied exclusively on any information supplied to it by the Existing Lender in connection with any Finance Document.

(c) Nothing in any Finance Document requires an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations transferred under this Clause; or

(ii) support any losses incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under any Finance Document or otherwise.

27.6. Costs resulting from change of Lender or Facility Office

If:

(a) a Lender transfers any of its rights and obligations under the Finance Documents or changes its Facility Office; and

(b) as a result of circumstances existing at the date the transfer or change occurs, an Obligor would be obliged to pay a Tax Payment or an Increased Cost,

then, unless the assignment, transfer or change is made by a Lender to mitigate any circumstances giving rise to the Tax Payment, Increased Cost or a right to be prepaid and/or cancelled by reason of illegality, the Obligor need only pay that Tax Payment or Increased Cost to the same extent that it would have been obliged to if no assignment, transfer or change had occurred.

27.7. Additional Borrowers

(a) If the Company wishes one of its wholly-owned Subsidiaries to become an Additional Borrower, then it may (following consultation with the Facility Agent) deliver to the Facility Agent the relevant documents and evidence listed in Part 2 of Schedule 2 (Conditions Precedent Documents).

(b) The prior consent of all the Lenders is required if the Additional Borrower is incorporated in a jurisdiction outside the Kingdom of Belgium, the Netherlands or Luxembourg, unless that Additional Borrower is a U.S. Finance Vehicle.

(c) A wholly-owned Subsidiary may only become an Additional Borrower if it is already a Guarantor.

(d) The relevant Subsidiary will become an Additional Borrower when the Facility Agent notifies the other Finance Parties and the Company that it has received all of the documents and evidence referred to in paragraphs (a), (b) and (c) above (as applicable) in form and substance satisfactory to it. The Facility Agent must give this notification as soon as reasonably practicable.

(e) Delivery of an Accession Agreement executed by the relevant Subsidiary and the Company to the Facility Agent constitutes confirmation by that Subsidiary and the Company that the Repeating Representations are then correct.

27.8. Additional Guarantors

(a) Upon delivery of a duly completed Accession Agreement specifying that the relevant person is to be an Additional Guarantor, executed by the relevant Subsidiary, the relevant person will become an Additional Guarantor.

(b) The Company shall procure that, at the same time as an Accession Agreement is delivered to the Facility Agent, there is also delivered to the Facility Agent all those other documents listed in Part 2 of Schedule 2 (Conditions Precedent Documents), in each case in form and substance satisfactory to the Facility Agent.

(c) The execution of an Accession Agreement constitutes confirmation by the Additional Guarantor concerned that the representations and warranties set out in Clause 16 (Representations and Warranties) to be made by it on the date of the Accession Agreement are correct, as if made with reference to the facts and circumstances then existing.

27.9. Resignation of an Obligor (other than the Company)

(a) The Company may request that an Obligor (other than the Company) ceases to be an Obligor by giving to the Facility Agent a duly completed Resignation Request.

(b) The Facility Agent must accept a Resignation Request and notify the Company and the Lenders of its acceptance if:

(i) all of the shares in that Obligor are being disposed of and such disposal is permitted under the terms of this Agreement;

(ii) it is not aware that a Default is outstanding or would result from the acceptance of the Resignation Request; and

(iii) no amount owed by that Obligor under this Agreement is still outstanding.

(c) The Obligor will cease to be a Borrower and/or a Guarantor, as appropriate, when the Facility Agent gives the notification referred to in paragraph (b) above.

27.10. Changes to the Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent must (in consultation with the Company) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

28. DISCLOSURE OF INFORMATION

(a) Each Finance Party must keep confidential any information supplied to it by or on behalf of any Obligor in connection with the Finance Documents. However, a Finance Party is entitled to disclose information:

   (i) which is publicly available, other than as a result of a breach by that Finance Party of this Clause;

   (ii) in connection with any legal or arbitration proceedings;

   (iii) if required to do so under any law or regulation;

   (iv) to a governmental, banking, taxation or other regulatory authority;

   (v) to its professional advisers;

   (vi) to the extent allowed under paragraph (b) below; or

   (vii) with the agreement of the relevant Obligor.

(b) A Finance Party may disclose to an Affiliate or any person with whom it may enter, or has entered into, any kind of transfer, participation or other agreement in relation to this Agreement (a participant):

   (i) a copy of any Finance Document; and

   (ii) any information which that Finance Party has acquired under or in connection with any Finance Document.

However, before a participant may receive any confidential information, it must agree with the relevant Finance Party to keep that information confidential on the terms of paragraph (a) above.

(c) Notwithstanding any other provision of this Agreement, any Party to this Agreement (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may disclose to any and all persons, without limitation of any kind:

   (i) the **U.S. tax treatment** and **U.S. tax structure** (each as defined below) of the Facilities; and

   (ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facilities is the purported or claimed U.S. federal, state and local income tax treatment of the Facilities, and the **U.S. tax structure** of the Facilities is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facilities. This authorisation is not intended to permit disclosure of any information (other than information relating to the U.S. tax treatment or U.S. tax structure of the Facilities) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facilities, (ii) the identities of participants or potential participants in the Facilities (except to the extent such identities are related to the U.S. tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facilities), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facilities.

(d) This Clause supersedes any previous confidentiality given by a Finance Party in connection with this Agreement prior to it becoming a Party.

29. SET-OFF

(a) A Finance Party may, at any time when an Event of Default is outstanding, set off any matured obligation owed to it by an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any obligation (whether or not matured) owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

(b) This Clause is a netting arrangement for the purposes of the Belgian Financial Collateral Law.

30. PRO RATA SHARING

30.1. Redistribution

If any amount owing by an Obligor under this Agreement to a Finance Party (the recovering Finance Party) is discharged by payment, set-off or any other manner other than in accordance with this Agreement (a recovery), then:

(a) the recovering Finance Party must, within three Business Days, supply details of the recovery to the Facility Agent;

(b) the Facility Agent must calculate whether the recovery is in excess of the amount which the recovering Finance Party would have received if the recovery had been received and distributed by the Facility Agent under this Agreement; and

(c) the recovering Finance Party must pay to the Facility Agent an amount equal to the excess (the redistribution).

30.2. Effect of redistribution

(a) The Facility Agent must treat a redistribution as if it were a payment by the relevant Obligor under this Agreement and distribute it among the Finance Parties, other than the recovering Finance Party, accordingly.

(b) When the Facility Agent makes a distribution under paragraph (a) above, the recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in that redistribution.

(c) If and to the extent that the recovering Finance Party is not able to rely on any rights of subrogation under paragraph (b) above, the relevant Obligor will owe the recovering Finance Party a debt which is equal to the redistribution, immediately payable and of the type originally discharged.

(d) If:

(i) a recovering Finance Party must subsequently return a recovery, or an amount measured by reference to a recovery, to an Obligor; and

(ii) the recovering Finance Party has paid a redistribution in relation to that recovery,

each Finance Party must reimburse the recovering Finance Party all or the appropriate portion of the redistribution paid to that Finance Party, together with interest for the period while it held the redistribution. In this event, the subrogation in paragraph (b) above will operate in reverse to the extent of the reimbursement.

30.3. Exceptions

Notwithstanding any other term of this Clause, a recovering Finance Party need not pay a redistribution to the extent that:

(a) it would not, after the payment, have a valid claim against the relevant Obligor in the amount of the redistribution; or

(b) it would be sharing with another Finance Party any amount which the recovering Finance Party has received or recovered as a result of legal or arbitration proceedings, where:

(i) the recovering Finance Party notified the Facility Agent of those proceedings; and

(ii) the other Finance Party had an opportunity to participate in those proceedings but did not do so or did not take separate legal or arbitration proceedings as soon as reasonably practicable after receiving notice of them.

30.4. Litigation

(a) No Lender shall commence any action or proceeding in any court to enforce its rights under any Finance Document without prior consultation with the other Lenders and without the consent of Majority Lenders;

(b) If in accordance with paragraph (a) above any Lender does take action to enforce its rights under any Finance Document and, as a result thereof or in connection therewith, shall receive a recovery then such Lender shall not be required to share any portion of such recovery with any Lender which has the legal right to, but does not, join in such action or proceeding or commence and diligently prosecute a separate action or proceeding to enforce its rights in another court.

31. SEVERABILITY

If a term of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of the Finance Documents; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of the Finance Documents.

32. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

33. NOTICES

33.1. In writing

(a) Any formal communication in connection with a Finance Document must be in writing and, unless otherwise stated, may be given:

(i) in person, by post or fax; or

(ii) to the extent agreed by the Parties making and receiving communication, by e-mail or other electronic communication.

(b) For the purpose of the Finance Documents, an electronic communication will be treated as being in writing.

(c) Unless it is agreed to the contrary, any consent or agreement required under a Finance Document must be given in writing.

33.2. Contact details

(a) Except as provided below, the contact details of each Party for all communications in connection with the Finance Documents are those notified by that Party for this purpose to the Facility Agent on or before the date it becomes a Party.

(b) The contact details of each Obligor for this purpose are:

Address:	Liersesteenweg 4 2800 Mechelen
Fax number:	+32 (15) 33 3716
Attention:	Group Treasurer / Chief Financial Officer
Telephone:	+32 (15) 33 3564 / +32 (15) 33 3557
Email:	didier.zeghers@staff.telenet.be / renaat.berckmoes@staff.telenet.be

(c) The contact details of the Facility Agent for this purpose are:

Address:	77 King Street West 18th Floor, Toronto Ontario, M5K 1A2 Canada
Fax number:	+416 307 3826 / +416 982 5535
Attention:	Agency Administration

(d) Any Party may change its contact details by giving five Business Days' notice to the Facility Agent or (in the case of the Facility Agent) to the other Parties.

(e) Where a Party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

33.3. Effectiveness

(a) Except as provided below, any communication in connection with a Finance Document will be deemed to be given as follows:

(i) if delivered in person, at the time of delivery;

(ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope;

(iii) if by fax, when received in legible form; and

(iv) if by e-mail or any other electronic communication, when received in legible form.

(b) A communication given under paragraph (a) below but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

(c) A communication to the Facility Agent will only be effective on actual receipt by it.

33.4. Obligors

(a) All formal communications under the Finance Documents to or from an Obligor must be sent through the Facility Agent.

(b) All formal communications under the Finance Documents to or from an Obligor (other than the Company) must be sent through the Company.

(c) Each Obligor (other than the Company) irrevocably appoints the Company to act as its agent:

(i) to give and receive all communications under the Finance Documents;

(ii) to supply all information concerning itself to any Finance Party; and

(iii) to sign all documents under or in connection with the Finance Documents.

(d) Any communication given to the Company in connection with a Finance Document will be deemed to have been given also to the other Obligors.

(e) Each Finance Party may assume that any communication made by the Company is made with the consent of each other Obligor.

34. LANGUAGE

(a) Any notice given in connection with a Finance Document must be in English.

(b) Any other document provided in connection with a Finance Document must be:

(i) in English; or

(ii) (unless the Facility Agent otherwise agrees) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

35. GOVERNING LAW

This Agreement is governed by English law.

36. ENFORCEMENT

36.1. Jurisdiction

(a) Unless a Finance Document specifically provides otherwise, the English courts have non-exclusive jurisdiction to settle any dispute in connection with any Finance Document.

(b) The English courts are the most appropriate and convenient courts to settle any such dispute. Each Obligor agrees not to argue to the contrary and waives objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with any Finance Document.

(c) This Clause is for the benefit of the Finance Parties only. To the extent allowed by law, a Finance Party may take:

(i) proceedings in any other court; and

(ii) concurrent proceedings in any number of jurisdictions.

(d) References in this Clause to a dispute in connection with a Finance Document includes any dispute as to the existence, validity or termination of that Finance Document.

36.2. Service of process

(a) Each Obligor irrevocably appoints Law Debenture Trustee Company as its agent under the Finance Documents and the mandate letter dated 16 July 2007 (as amended) between, among others, the Original Borrower and the Mandated Lead Arrangers (the **Mandate Letter**) for service of process in any proceedings before the English courts in connection with any Finance Document and the Mandate Letter.

(b) If any person appointed as process agent is unable under this Clause for any reason to so act, the Company (on behalf of all the Obligors) must immediately appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility Agent may appoint another process agent for this purpose.

(c) Each Obligor agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings.

(d) This Clause does not affect any other method of service allowed by law.

36.3. Waiver of immunity

Each Obligor irrevocably and unconditionally:

(a) agrees not to claim any immunity from proceedings brought by a Finance Party against it in relation to a Finance Document and to ensure that no such claim is made on its behalf;

(b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

(c) waives all rights of immunity in respect of it or its assets.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

37. WAIVER OF TRIAL BY JURY

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY FINANCE DOCUMENT OR ANY TRANSACTION CONTEMPLATED BY ANY FINANCE DOCUMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY THE COURT.

SCHEDULE 1

ORIGINAL PARTIES

PART 1

GUARANTORS

Name of Original Guarantors	Registration number (or equivalent, if any)
Telenet BidCo NV	HR Mechelen 89835, Enterprise No. 0473.416.418
Telenet NV	HR Mechelen 82218, Enterprise No. 0439.840.857
UPC Belgium NV	HR Brussel 69463, Enterprise No. 0455.620.381

PART 2

COMMITMENTS

Name of Initial Original Lenders	Term Loan A Facility Commitments	Term Loan B1 Facility Commitments	Term Loan B2A Facility Commitment	Term Loan B2B Facility Commitments	Term Loan C Facility Commitments	Revolving Facility Commitments
ABN AMRO BANK N.V.	€106,000,000	€61,500,000	€45,000,000	—	€212,500,000	€35,000,000
BNP PARIBAS S.A.	€212,000,000	€123,000,000	€90,000,000	—	€425,000,000	€70,000,000
JPMORGAN CHASE BANK, N.A.	€212,000,000	€123,000,000	—	€90,000,000	€425,000,000	€70,000,000
Total:	**€530,000,000**	**€307,500,000**	**€135,000,000**	**€90,000,000**	**€1,062,500,000**	**€175,000,000**

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

PART 1

TO BE DELIVERED BEFORE THE FIRST LOAN

Original Obligors / Existing Security Providers

1. A copy of the articles of association of each Existing Security Provider.

2. A copy of a resolution of the board of directors of each Existing Security Provider approving the terms of, and the transactions contemplated by, the Finance Documents[1].

3. A specimen of the signature of each person authorised on behalf of an Existing Security Provider to execute or witness the execution of any Finance Document or to sign or send any document or notice in connection with any Finance Document.

4. A copy of the minutes of the shareholders' meeting of each Obligor:

   (a) approving for the purposes of article 556 of the Belgian Companies Act, the terms of and transactions contemplated by the Finance Documents, and in particular, the provisions having the effect that an event of default will be triggered and/or that may require an early repayment if there is a change of control; and

   (b) authorising named persons to fulfil the formalities with the Registry of the Commercial Court of the registered office of such Obligor following the decision taken in accordance with the above.

5. A certificate of an authorised signatory of the Original Borrower:

   (a) confirming that utilising the Total Commitments in full would not breach any limit binding on any Original Obligor; and

   (b) certifying that each copy document specified in Part 1 of this Schedule is correct, complete and in full force and effect as at a date no earlier than the date of the Supplemental Agreement.

6. Evidence required by the Finance Parties for the purpose of any applicable money laundering regulations.

7. Evidence that the agent of the Existing Security Providers under the Finance Documents for service of process in England has accepted its appointment.

Security Document(s)

1. Each Fee Letter.

2. The Intercreditor Agreement.

3. The Company Share Pledge.

4. The Telenet Share Pledge.

5. The UPC Belgium Share Pledge.

6. Pledges of Subordinated Shareholder Loans in respect of all relevant loans in place at the first Utilisation Date.

7. Each duly executed Existing Security Document.

Miscellaneous

1. The Syndication Letter.

2. The most recent audited financial statements of each Obligor.

3. A copy of the Funds Flow Statement detailing the proposed movement of funds on or before the Closing Date.

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1 Resolutions to include detailed analyses of corporate benefit in respect of upstream guarantees, and approvals of supplemental agreements and continuation of security under Existing Security Documents.

4. Written confirmation signed by a director of the Company confirming that all fees and expenses then due and payable including all legal fees from the Company under the Finance Documents have been or will be paid within 5 Business Days of the first Utilisation Date.

5. Evidence that the Existing Senior Facility will be prepaid and cancelled in full on or by the first Utilisation Date.

6. An effective discharge of all Existing Share Pledges and all Existing Notes Security, in each case on or before the first Utilisation Date. The Obligors undertake, and shall procure the Restricted Persons to undertake, reasonable endeavours to de-register any registered Existing Notes Security as soon as practical following the first Utilisation Date, at their own or at the Company's cost.

7. Evidence that the Senior Discount Notes and the Senior Notes have been called and will be redeemed and cancelled in full on or before the first Utilisation Date.

8. An initialled copy of the budget for 2007.

9. A letter from the Company in a form to be mutually agreed describing hedging arrangements to be entered into in respect of hedging interest rate liabilities (the **Hedging Letter**).

Legal opinions

1. A legal opinion of legal advisers to the Mandated Lead Arrangers and each Agent, addressed to the Finance Parties as to English law.

2. A legal opinion of legal advisers to the Mandated Lead Arrangers and each Agent, addressed to the Finance Parties as to Belgian law.

PART 2

FOR AN ADDITIONAL OBLIGOR

Additional Obligors

1. An Accession Agreement duly executed by (amongst others) the Company and the Additional Obligor.

2. A copy of the constitutional documents of the Additional Obligor.

3. A copy of a resolution of the board of directors of the Additional Obligor approving the terms of, and the transactions contemplated by, the relevant Finance Documents.

4. A specimen of the signature of each person authorised on behalf of the Additional Obligor to execute or witness the execution of any Finance Document or to sign or send any document or notice in connection with any Finance Document.

5. A copy of a resolution, signed by all (or any lower percentage agreed by the Facility Agent) of the holders of its issued or allotted shares, approving the terms of, and the transactions contemplated by, the relevant Accession Agreement.

6. If applicable, a copy of a resolution of the board of directors of each corporate shareholder in the Additional Guarantor approving any resolution referred to in paragraph 5 above.

7. A certificate of an authorised signatory of the Additional Obligor:

   (a) confirming that utilising the Total Commitments in full would not breach any limit binding on it; and

   (b) certifying that each copy document specified in Part 2 of this Schedule is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Agreement.

8. If available, a copy of the latest audited accounts of the Additional Obligor.

9. Evidence that the agent of the Additional Obligor under the Finance Documents for service of process in England has accepted its appointment.

10. Evidence required by the Finance Parties for the purpose of any applicable money laundering regulations.

Legal Opinions

1. A legal opinion of Allen & Overy, London, legal advisers to the Facility Agent, addressed to the Finance Parties in scope and substance similar to the legal opinion of Allen & Overy, London, delivered under Part 1 of this Schedule 2.

2. If the Additional Obligor is incorporated in a jurisdiction other than England, a legal opinion from legal advisers in that jurisdiction acceptable to the Facility Agent, addressed to the Finance Parties.

Other documents and evidence

1. Evidence that all expenses due and payable from an Obligor under this Agreement in respect of the Accession Agreement have been paid.

2. Such duly executed Security Documents that the Facility Agent (acting on the instructions of the Majority Lenders) may require which (in the case of any U.S. Borrower only) shall include a share pledge over the shares of any Additional Obligor and Security Documents which are consistent with the Security Documents delivered under Part 1 of this Schedule 2.

3. A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified the Company is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, the Accession Agreement or for the validity and enforceability of any Finance Document.

SCHEDULE 3

FORM OF REQUEST

To: [FACILITY AGENT] as Facility Agent

From: [ ]

Date: [ ]

Telenet BidCo NV (and others) €2,300,000,000 Credit Agreement dated 1 August 2007 (the Agreement)

1. We refer to the Agreement. This is a Request.
2. We wish to borrow a [Term Loan A Facility]/[Term Loan B1 Facility]/[Term Loan B2A Facility]/[Term Loan B2B Facility]/[Term Loan C Facility]/[Revolving] Loan on the following terms:
   (a) Utilisation Date: [ ]
   (b) Amount/currency: [ ]
   (c) Term: [ ]
   (d) Purpose: [ ]
3. Our payment instructions are: [ ].
4. We confirm that each condition precedent under the Agreement which must be satisfied on the date of this Request is so satisfied.
5. We confirm that the Repeating Representations are correct in all material respects and no Event of Default is outstanding or will result from the Loan.
6. This Request is irrevocable.

By:

[ ]

SCHEDULE 4

CALCULATION OF THE MANDATORY COST

1. General

1.1 The Mandatory Cost is to compensate a Lender for the cost of compliance with:

(a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces any of its functions); or

(b) the requirements of the European Central Bank.

1.2 The Mandatory Cost is expressed as a percentage rate per annum.

1.3 The Mandatory Cost is the weighted average (weighted in proportion to the percentage share of each Lender in the relevant Loan) of the rates for the Lenders calculated by the Facility Agent in accordance with this Schedule on the first day of a Term (or as soon as possible after then).

1.4 The Facility Agent must distribute each amount of Mandatory Cost among the Lenders on the basis of the rate for each Lender.

1.5 Any determination by the Facility Agent pursuant to this Schedule will be, in the absence of manifest error, conclusive and binding on all the Parties.

2. For a Lender lending from a Facility Office in the U.K.

2.1 The relevant rate for a Lender lending from a Facility Office in the U.K. is calculated in accordance with the following formula:

$$\frac{E x\ 0.01}{300} \text{ per cent, per annum}$$

where on the day of application of the formula, E is calculated by the Facility Agent as being the average of the rates of charge under the fees rules supplied by the Reference Banks to the Facility Agent under paragraph 2.4 below (and expressed in pounds per £1 million).

2.2 For the purposes of this paragraph 2:

(a) fees rules means the then current rules on periodic fees in the Supervision Manual of the FSA Handbook or any other law or regulation as may then be in force for the payment of fees for the acceptance of deposits;

(b) fee tariffs means the fee tariffs specified in the fees rules under fee-block Category A1 (Deposit acceptors) (ignoring any minimum fee or zero rated fee required pursuant to the fees rules but applying any applicable discount rate); and

(c) tariff base has the meaning given to it in, and will be calculated in accordance with, the fees rules.

2.3 Each rate calculated in accordance with the formula is, if necessary, rounded upward to four decimal places.

2.4 If requested by the Facility Agent, each Reference Bank must, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent the rate of charge payable by that Reference Bank to the Financial Services Authority under the fees rules for that financial year of the Financial Services Authority (calculated by that Reference Bank as being the average of the fee tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1 million of the tariff base of that Reference Bank.

2.5 Each Lender must supply to the Facility Agent the information required by it to make a calculation of the rate for that Lender. In particular, each Lender must supply the following information on or prior to the date on which it becomes a Lender:

(a) the jurisdiction of its Facility Office; and

(b) any other information that the Facility Agent reasonably requires for that purpose.

(c) Each Lender must promptly notify the Facility Agent of any change to the information supplied to it under this paragraph.

2.6 The rates of charge of each Reference Bank for the purpose of E above are determined by the Facility Agent based upon the information supplied to it under paragraphs 2.4 and 2.5 above. Unless a Lender notifies the Facility Agent to the contrary, the Facility Agent may assume that the Lender's obligations in respect of cash ratio deposits and special deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the U.K.

2.7 The Facility Agent has no liability to any Party if its calculation over or under compensates any Lender. The Facility Agent is entitled to assume that the information provided by any Lender or Reference Bank under this Schedule is true and correct in all respects.

3. For a Lender lending from a Facility Office in a Participating Member State

3.1 The relevant rate for a Lender lending from a Facility Office in a Participating Member State is the percentage rate per annum notified by that Lender to the Facility Agent. This percentage rate per annum must be certified by that Lender in its notice to the Facility Agent as its reasonable determination of the cost (expressed as a percentage of that Lender's share in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of Loans made from that Facility Office.

3.2 If a Lender fails to specify a rate under paragraph 3.1 above, the Facility Agent will assume that the Lender has not incurred any such cost.

4. Changes

4.1 The Facility Agent may, after consultation with the Company and the Lenders, determine and notify all the Parties of any amendment to this Schedule which is required to reflect:

(a) any change in law or regulation; or

(b) any requirement imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any successor authority).

4.2 If the Facility Agent, after consultation with the Company, determines that the Mandatory Cost for a Lender lending from a Facility Office in the U.K. can be calculated by reference to a screen, the Facility Agent may notify all the Parties of any amendment to this Agreement which is required to reflect this.

SCHEDULE 5

FORM OF TRANSFER CERTIFICATE

To: [FACILITY AGENT] as Facility Agent

From: [THE EXISTING LENDER] (the **Existing Lender**) and [THE NEW LENDER] (the **New Lender)**

Date: [ ]

Telenet BidCo NV (and others) €2,300,000,000 Credit Agreement
dated 1 August 2007 (the Agreement)

We refer to the Agreement. This is a Transfer Certificate.

1. The Existing Lender transfers by novation to the New Lender the Existing Lender's rights and obligations referred to in the Schedule below in accordance with the terms of the Agreement.

2. The proposed Transfer Date is [ ].

3. The administrative details of the New Lender for the purposes of the Agreement are set out in the Schedule.

4. This Transfer Certificate is governed by English law.

5. For the purposes of Article 1278 of the Belgium Civil Code, the Existing Lender, the Facility Agent and the New Lender agree that the Security Documents will be for the benefit of the New Lender in accordance with Clause 27.4 (Procedure for transfer by way of novations) of the Agreement.

6. The New Lender represents on the date of this Transfer Certificate that it is a Qualifying Lender.

THE SCHEDULE

Rights and obligations to be transferred by novation

[insert relevant details, including applicable Commitment (or part)]

Administrative details of the New Lender

[insert details of Facility Office, address for notices and payment details etc.]

[EXISTING LENDER]	[NEW LENDER]
By:	By:

The Transfer Date is confirmed by the Facility Agent as [ ].

[FACILITY AGENT]

By:

SCHEDULE 6

EXISTING SECURITY

Member of the Group creating security	Details of security	Maximum principal amount secured
Telenet Group Holding NV	Pledge with respect to the shares of Telenet Vlaanderen NV (16,100 shares), pursuant to accession agreement dated February 24, 2006	Secured Liabilities
	First rank pledge over receivables, pursuant to receivables and securities pledge agreement dated August 9, 2002	Secured Liabilities
Telenet Communications NV	First rank pledge over receivables, pursuant to receivables and securities pledge agreement dated August 9, 2002	Secured Liabilities
Telenet BidCo NV	Mortgage mandate, dated August 9, 2002	€650,000,000
	Floating charge, pursuant to partial exercise of floating charge mandate dated August 9, 2002	€250,000,000
	Pledge with respect to the shares of Telenet Vlaanderen NV (4,605,979 shares), pursuant to share pledge agreement dated December 22, 2003 and supplemental agreement dated February 24, 2006	Secured Liabilities
	First rank pledge over receivables, pursuant to a receivables and securities pledge agreement dated August 9, 2002	Secured Liabilities
Telenet NV	Mortgage (former Telenet Operaties NV), pursuant to a mortgage deed dated March 27, 2002, a mortgage deed dated August 9, 2002 and a mortgage deed dated September 30, 2002	€800,000,000
	Mortgage (former MixtICS NV), pursuant to a mortgage deed dated September 30, 2002 and a mortgage deed dated August 9, 2002	€625,000,000
	Mortgage (former Telenet Solutions NV), pursuant to a mortgage deed dated May 14, 2004	€50,000,000
	Mortgage mandate (former Telenet Operaties NV), dated August 9, 2002 (minus exercise of €200,000,000)	€450,000,000
	Mortgage mandate (former MixtICS NV), dated August 9, 2002 (minus exercise of €200,000,000)	€450,000,000
	Floating charge, dated June 9, 2006, effective May 12, 2006	€135,000,000
	Floating charge mandate, dated May 12, 2006	€865,000,000
	Floating charge (former Telenet Operaties NV), pursuant to a floating charge agreement dated March 29, 2001, two floating charge agreements dated August 9, 2002 and a partial exercise of a floating charge mandated dated March 29, 2001	€1,250,000,000
	Floating charge (former MixtICS NV), pursuant to two floating charge agreements dated August 9, 2002	€865,000,000

Member of the Group creating security	Details of security	Maximum principal amount secured
	Floating charge (former PayTVCo NV), pursuant to a floating charge agreement dated February 27, 2004	€75,000,000
	Floating charge (former Telenet Solutions NV), pursuant to a floating charge agreement dated February 27, 2004	€75,000,000
	First rank pledge over receivables, pursuant to a receivables and securities pledge agreement dated August 9, 2002	Secured Liabilities
Telenet Vlaanderen NV	Mortgage, pursuant to a mortgage deed dated August 9, 2002 and a mortgage deed dated September 30, 2002	€625,000,000
	Mortgage mandate, dated August 9, 2002 (minus exercise of €200,000,000)	€450,000,000
	Floating charge, pursuant to a floating charge agreement dated August 9, 2002 and exercise of the floating charge mandate dated August 9, 2002	€865,000,000
	Pledge over receivables, pursuant to a receivables and securities pledge agreement dated August 9, 2002	Secured Liabilities
UPC Belgium NV	Pledge over receivables and securities, dated April 17, 2007	Secured Liabilities

SCHEDULE 7

EXISTING SHARE PLEDGES

Member of the Group creating security	Details of security	Maximum principal amount secured
Telenet Group Holding NV	First rank pledge with respect to the shares of Telenet BidCo NV (one share), pursuant to share pledge agreement dated December 22, 2003	Secured Liabilities
	Pledge with respect to the shares of Telenet NV (4,250 shares), pursuant to accession agreement dated February 24, 2006	Secured Liabilities
Telenet Communications NV	First rank pledge with respect to the shares of Telenet BidCo NV (28,379,617 shares), pursuant to share pledge agreement dated August 9, 2002	Secured Liabilities
Telenet BidCo NV	First rank pledge with respect to the shares of Telenet NV (2,534,814 shares), pursuant to a share pledge agreement dated May 13, 2003, a supplemental agreement dated December 22, 2003, a supplemental agreement dated August 12, 2005 and two supplemental agreements dated February 24, 2006	Secured Liabilities
	Pledge with respect to the shares of UPC Belgium NV (807,017 shares), dated April 17, 2007	Secured Liabilities

SCHEDULE 8

EXISTING NOTES SECURITY

Member of the Group creating security	Details of security	Maximum principal amount secured
Telenet Group Holding NV	Second rank pledge with respect to the shares of Telenet BidCo NV (one share), pursuant to a second rank share pledge agreement dated December 22, 2003	Secured Liabilities
	Second rank pledge over receivables, pursuant to a second rank receivables pledge agreement dated December 22, 2003	Secured Liabilities
Telenet Communications NV	Second rank pledge with respect to the shares of Telenet BidCo NV (28,379,617 shares), pursuant to a second rank share pledge agreement dated December 22, 2003	Secured Liabilities
	Second rank pledge over receivables, pursuant to a second rank receivables pledge agreement dated December 22, 2003	Secured Liabilities
Telenet BidCo NV	Second rank pledge with respect to the shares of Telenet NV (1,315,448 shares), pursuant to a second rank share pledge agreement dated December 22, 2003	Secured Liabilities
	Second rank pledge over receivables, pursuant to a second rank receivables pledge agreement dated December 22, 2003	Secured Liabilities
Telenet NV	Second rank pledge over receivables, pursuant to a second rank receivables pledge agreement dated December 22, 2003	Secured Liabilities

SCHEDULE 9

FORM OF COMPLIANCE CERTIFICATE

To: [FACILITY AGENT] as Facility Agent

From: TELENET BIDCO NV

Date: [ ]

TELENET BIDCO NV—€2,300,000,000 Credit Agreement
dated 1 August 2007 (the Agreement)

1. We refer to the Agreement. This is a Compliance Certificate.
2. We confirm that as at [relevant testing date]:
   (a) Net Total Debt is [●] and Consolidated Annualised EBITDA is [●]; therefore, the ratio of Net Total Debt to Consolidated Annualised EBITDA is [●] to 1; and
   (b) Consolidated EBITDA is [●] and Total Cash Interest is [●]; therefore the ratio of Consolidated EBITDA to Total Cash Interest is [●] to 1.
3. We set out below calculations establishing the figures in paragraph 2:
   [ ].
4. [We confirm that no Default is outstanding as at [relevant testing date].[3]
5. We confirm that as at [relevant testing date], the Material Subsidiaries are:

TELENET BIDCO NV

By:

[insert applicable certification language]

for

[auditors of the Company][4]

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[3] If this statement cannot be made, the certificate should identify any Default that is outstanding and the steps, if any, being taken to remedy it.

[4] If tested annually, only include in certificate with annual accounts.

SCHEDULE 10

FORM OF ACCESSION AGREEMENT

To: [FACILITY AGENT] as Facility Agent

From: TELENET BIDCO NV and [Proposed Borrower/Proposed Guarantor]

Date: [ ]

Telenet BidCo NV—€2,300,000,000 Credit Agreement
dated 1 August 2007 (the Agreement)

We refer to the Agreement. This is an Accession Agreement.

[Name of company] of [address/registered office] agrees to become an Additional Borrower/Guarantor and to be bound by the terms of the Agreement as an Additional Borrower/Guarantor.

This Accession Agreement is governed by English law.

TELENET BIDCO NV

By:

[PROPOSED BORROWER/GUARANTOR]1

By:

SCHEDULE 11

FORM OF TELENET ADDITIONAL FACILITY ACCESSION AGREEMENT

To: [FACILITY AGENT] as Facility Agent

[SECURITY AGENT] as Security Agent

From: [Proposed Additional Facility Lender(s)]

Date: [●]

TELENET BIDCO NV—€2,300,000,000 Credit Agreement dated 1 August 2007 (the Credit Agreement)

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
2. We refer to Clause 2.7 (Telenet Additional Facility) of the Credit Agreement.
3. We, [Name of Lender(s)] agree to become party to and to be bound by the terms of the Credit Agreement as [a] Lender(s) in accordance with Clause 2.7 (Telenet Additional Facility).
4. Our Telenet Additional Facility Commitment is EUR/US$ [ ].
5. The final maturity date in respect of our Telenet Additional Facility Commitment is [ ].
6. The Telenet Additional Facility Availability Period in relation to this Telenet Additional Facility is [ ].
7. The Margin in relation to this Telenet Additional Facility is [ ] per annum. [If applicable set out how the Margin will be adjusted].
8. Advances under this Telenet Additional Facility will be applied [ ].
9. We confirm to each Finance Party that:

   (a) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and

   (b) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Telenet Additional Facility Commitment is in force.
10. The Facility Office and address for notices of the Lender is:

    [ ]
11. This Agreement is governed by English law.

[LENDER(S)]

By:

[FACILITY AGENT] as Facility Agent

By:

TELENET BIDCO NV

By:

SCHEDULE 12

FORM OF RESIGNATION REQUEST

To: [FACILITY AGENT] as Facility Agent

From: TELENET BIDCO NV

Date: [ ]

TELENET BIDCO NV—€2,300,000,000 Credit Agreement dated 1 August 2007 (the Agreement)

1. We refer to the Agreement. This is a Resignation Request.
2. We request that [resigning Obligor] be released from its obligations as [a/an][5] [Obligor/Borrower/Guarantor][6] under the Agreement.
3. We confirm that no Default is outstanding or would result from the acceptance of this Resignation Request.
4. We confirm that as at the date of this Resignation Request no amount owed by [resigning Obligor] under the Agreement is outstanding.
5. This Resignation Request is governed by English law.

TELENET BIDCO NV	[Relevant Obligor]
By:	By:

The Facility Agent confirms that this resignation takes effect on [ ].

[FACILITY AGENT]

By:

[5] Delete as applicable.

[6] Delete as applicable.

SIGNATORIES

[This section not restated]

ANNEX B

FORMS OF THE FACILITY ACCESSION AGREEMENTS

FORM OF THE FACILITY U ACCESSION AGREEMENT

TELENET ADDITIONAL FACILITY U ACCESSION AGREEMENT

TERM LOAN U FACILITY

To: The Bank of Nova Scotia as Facility Agent and KBC Bank NV as Security Agent

From: The Telenet Additional Facility U Lender

Date: 16 August 2012

TELENET NV—Credit Agreement
dated 1 August 2007, as amended from time to time (the Credit Agreement)

1. In this Agreement:

   Aggregate Notes means (i) the Notes and (ii) the €250,000,000 aggregate principal amount of 6.750% fixed rate notes due 2024 issued on or about the date of this Agreement under the Indenture.

   Borrower in relation to the Term Loan U Facility means Telenet International Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 2, rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number RCS B.155.066, having a share capital of EUR 2,031,000.

   Indenture means the indenture, dated on or about the date of this Agreement, among, *inter alia*, Telenet Additional Facility U Lender, as issuer, and The Bank of New York Mellon, as trustee.

   Notes means the €450,000,000 aggregate principal amount of 6.250% fixed rate notes due 2022 and issued on or about the date of this agreement by the Telenet Additional Facility U Lender pursuant to the Indenture.

   Telenet Additional Facility U Lender means Telenet Finance V Luxembourg S.C.A., a corporate partnership limited by shares, *société en commandite par actions* incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 5, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B164890.

   Term Loan U Facility means the €450,000,000 term loan facility made available by the Telenet Additional Facility U Lender under this Agreement.

   Term Loan U Facility Commitment means, in relation to the Telenet Additional Facility U Lender, the amount in euros set opposite its name under the heading "Term Loan U Facility Commitment" in Schedule 1 to this Agreement, to the extent not cancelled, transferred, or reduced under the Credit Agreement.

   Term Loan U Facility Loan means a euro denominated loan made to the Borrower by the Telenet Additional Facility U Lender under the Term Loan U Facility.

2. For the purposes of the Term Loan U Facility and any Term Loan U Facility Loan, and notwithstanding any provision of a Finance Document to the contrary:

   (a) the following defined terms shall have the following meanings in the Finance Documents:

   Luxembourg means the Grand Duchy of Luxembourg.

   Luxembourg Guarantor means a Guarantor incorporated in Luxembourg.

   Luxembourg Obligor means an Obligor incorporated in Luxembourg.

   Qualifying Lender means a Lender which is not an individual or a residual entity within the meaning of the Luxembourg laws implementing the European Council Directive 2003/48/EC of 3 June 2003 (the **EU SD**) on taxation of savings income in the form of interest payments, including notably the Luxembourg laws of 21 June 2005 implementing under Luxembourg law the EU SD and the Luxembourg law of 23 December 2005 creating a final withholding tax on certain income deriving from savings, and any entity which may fall within the scope of the EU SD and the aforesaid Luxembourg laws as they may be amended from time to time.

   (b) where they relate to a Luxembourg company, references in the Finance Documents to:

      (i) a winding-up, administration or dissolution includes, without limitation, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally;

(ii) a receiver, administrative receiver, administrator or the like includes, without limitation, a *juge délégué, commissaire, juge-commissaire, liquidateur or curateur*;

(iii) a security interest includes any *hypothèque, nantissement, gage, privilege, sûreté réelle, droit de rétention* and any type of real security or agreement or arrangement having a similar effect and any transfer of title by way of security; and

(iv) a person being unable to pay its debts includes that person being in a state of cessation of payments (*cessation de paiements*);

(c) any guarantee given by any Luxembourg Guarantor does not constitute a suretyship (*cautionnement*) in the sense of articles 2011 and subsequent of the Luxembourg civil code;

(d) the maximum liability of any Luxembourg Guarantor under the Finance Documents shall be limited so that the maximum amount payable by the relevant Luxembourg Guarantor for the obligations of any Obligor, which is not a direct or indirect Subsidiary of such Luxembourg Guarantor, hereunder shall at no time exceed the Maximum Amount.

Maximum Amount of any Luxembourg Guarantor means the sum of:

(i) an amount equal to the aggregate (without duplication) of:

(A) all moneys received by that Luxembourg Guarantor or direct or indirect Subsidiaries of that Luxembourg Guarantor (which are direct or indirect Subsidiaries of that Luxembourg Guarantor on the date hereof or which will be direct or indirect Subsidiaries of that Luxembourg Guarantor hereafter) as borrower under or pursuant to the Finance Documents; and

(B) the aggregate amount of the outstanding intercompany loans made to the Luxembourg Guarantor or direct or indirect Subsidiaries of that Luxembourg Guarantor (which are direct or indirect Subsidiaries of that Luxembourg Guarantor on the date hereof or which will be direct or indirect Subsidiaries of that Luxembourg Guarantor hereafter) by other members of the Group which have been funded with moneys received by the Borrowers under the Finance Documents (the **Loan Amount**); and

(C) an amount equal to 95% of the greater of:

(I) the market value of the assets of the Luxembourg Guarantor at the time the guarantee is called less the Liabilities, other than the Loan Amount, at the time the guarantee is called; and

(II) the market value of the assets of the Luxembourg Guarantor at the date of this Agreement less the Liabilities, other than the Loan Amount, at the time the guarantee is called.

Liabilities means all existing liabilities (other than any liabilities owed to the direct or indirect shareholders of the Luxembourg Guarantor) incurred, from time to time, by the Luxembourg Guarantor and as reflected, from time to time, in the books of the Luxembourg Guarantor.

If the Parties fail to reach an agreement as to the market value of the assets as referred to under paragraph (C) above, such market value shall be determined, at the sole costs of the Luxembourg Guarantor, by (1) an independent investment bank appointed for this purpose by the Finance Parties or (2) a Luxembourg réviseur d'entreprises appointed upon the request of any of the Finance Parties;

(e) Telenet International Finance S.à r.l. hereby expressly accepts and confirms, for the purposes of articles 1281 and 1278 of the Luxembourg civil code, that notwithstanding any assignment, transfer and/or novation permitted under, and made in accordance with, the provisions of this Agreement or the Finance Documents, the guarantee given by it guarantees all obligations of each Obligor (including without limitation, all obligations with respect to all rights and/or obligations so assigned, transferred or novated) and any security created under this Agreement or the Finance Documents shall be preserved for the benefit of any New Lender and each Luxembourg Obligor hereby accepts and confirms the aforementioned.

3. Unless otherwise defined in this Agreement, terms defined in the Credit Agreement shall have the same meaning in this Agreement and a reference to a Clause is a reference to a Clause of the Credit Agreement. The principles of construction set out in Clause 1.2 (Construction) of the Credit Agreement apply to this Agreement as though they were set out in full in this Agreement.

4. We refer to Clause 2.7 (Telenet Additional Facility) of the Credit Agreement.

5. This Agreement will take effect on the date on which the Facility Agent notifies the Borrower under the Term Loan U Facility and the Telenet Additional Facility U Lender that it has received the documents and evidence set out in Schedule 2 to this Agreement, in each case in form and substance satisfactory to it or, as the case may be, the requirement to provide any of such documents or evidence has been waived by the Facility Agent (acting on the instructions of the Term Loan U Facility Lender) (the **Effective Date**).

6. The Telenet Additional Facility U Lender agrees:

   (a) to become party to and to be bound by the terms of the Credit Agreement as a Lender in accordance with Clause 2.7 (Telenet Additional Facility) of the Credit Agreement; and

   (b) to become party to the Intercreditor Agreement as a Lender and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity as Lender in accordance with Clause 20.7 (Senior Creditors) of the Intercreditor Agreement.

7. The Telenet Additional Facility Commitment in relation to the Telenet Additional Facility U Lender (for the purpose of the definition of Telenet Additional Facility Commitment in Clause 1.1 (Definitions) of the Credit Agreement) is its Term Loan U Facility Commitment.

8. The Facility Agent will, for the purposes of any determination to be made under the Credit Agreement or this Agreement, apply the votes of the Telenet Additional Facility U Lender in accordance with a written direction to be provided by the Telenet Additional Facility U Lender. The Telenet Additional Facility U Lender agrees that it will give any such direction in accordance with the provisions of Section [   ] of the Indenture. For the avoidance of doubt, the Facility Agent may rely on any such directions received and shall have no duty to enquire or monitor as to whether such direction complies with Section [   ] of the Indenture.

9. The Term Loan U Facility may be drawn by one Loan on the Effective Date and such date will constitute the Availability Period for the Term Loan U Facility. No more than one Request may be made in respect of the Term Loan U Facility under the Credit Agreement, and such Request may only be in a principal amount of the Telenet Additional Facility Commitment in relation to the Term Loan U Facility as set out in paragraph 7 above.

10. The Final Maturity Date in respect of the Term Loan U Facility is 15 August 2022. Any outstanding Loan under the Term Loan U Facility shall be repaid in full on the Final Maturity Date.

11. The interest rate in relation to the Term Loan U Facility will be a fixed rate of 6.250% per annum. Such interest rate will be calculated in accordance with Clause 8.1 (Interest rate) of the Credit Agreement as being the sum of EURIBOR, the applicable Margin and the Mandatory Costs, where in order to achieve the fixed rate referred to above, the applicable Margin will be:

    (a) 6.250% per annum, calculated on the basis of a 360-day year comprised of twelve 30-day months;

    minus

    (b) the sum of EURIBOR plus the Mandatory Costs.

    For the avoidance of doubt, for the purpose of this calculation, the applicable Margin may be a negative number. Further, the interest rate for this Term Loan U Facility will never exceed 6.250% per annum (save to the extent that Clause 8.3 (Interest on overdue amounts) of the Credit Agreement may apply).

12. The first Term to apply to the Term Loan U Facility Loan will be a period equal to the period running from the Effective Date up to and including 15 February 2013. The Borrower agrees that each subsequent Term under the Term Loan U Facility will be 6 months.

13. Upon the occurrence of a mandatory prepayment of the Term Loan U Facility following a Change of Control, as defined under Clause 7.2 (Mandatory prepayment—change of control) of the Credit

Agreement, the Borrower under the Term Loan U Facility agrees to pay to the Facility Agent (for the account of the Telenet Additional Facility U Lender) an amount equal to 1 per cent. of the principal amount of the Term Loan U Facility, plus accrued and unpaid interest to the due date of mandatory prepayment. Such payment shall be due and payable by the Borrower to the Facility Agent (for the account of the Telenet Additional Facility U Lender) under the Term Loan U Facility on the actual date of such mandatory prepayment.

14. At any time prior to 15 August 2017, upon the occurrence of a voluntary prepayment of any or all of the Term Loan U Facility by the Borrower under the Term Loan U Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement (other than a voluntary prepayment complying with Clause 16 or Clause 17 below), the Borrower under the Term Loan U Facility agrees to pay to the Facility Agent (for the account of the Telenet Additional Facility U Lender) an amount equal to the Additional Amount (as defined below) (calculated as of a date no more than three Business Days prior to the date of the relevant prepayment notice), plus accrued and unpaid interest on the amount of the Term Loan U Facility Loan prepaid to the due date of prepayment. Such payment shall be due and payable by the Borrower under the Term Loan U Facility to the Facility Agent (for the account of the Telenet Additional Facility U Lender) on the actual date of such prepayment.

For the purposes of this Clause 14:

Additional Amount means, with respect to the Term Loan U Facility on any prepayment date applicable to the voluntary prepayment of any or all of the Term Loan U Facility, the excess of:

(i) the present value at such prepayment date of (i) the amount that would be payable (as set out in clause 16 below) in respect of the Term Loan U Facility if the Term Loan U Facility were prepaid pursuant to Clause 7.6 (Voluntary prepayment) of the Credit Agreement, plus (ii) the principal amount of the Term Loan U Facility being prepaid plus (iii) all required interest payments due on the principal amount of the Term Loan U Facility being prepaid through 15 August 2017, (excluding accrued but unpaid interest to the prepayment date and assuming such interest payments are calculated at the rate of interest on the Term Loan U Facility in effect on such prepayment date), computed using a discount rate equal to the Bund Rate as of such prepayment date plus 50 basis points; over

(ii) the principal amount of the Term Loan U Facility being prepaid.

Bund Rate means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(i) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such prepayment date to 15 August 2017, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 15 August 2017; provided, however, that, if the period from such prepayment date to 15 August 2017 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such prepayment date to 15 August 2017 is less than one year, a fixed maturity of one year shall be used;

(ii) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Telenet Additional Facility U Lender obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(iii) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Telenet Additional Facility U Lender in consultation with the Trustee; and

(iv) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Telenet

Additional Facility U Lender of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Telenet Additional Facility U Lender by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the relevant date.

15. On or after 15 August 2017 upon the occurrence of a voluntary prepayment of any or all of the Term Loan U Facility by the Borrower under the Term Loan U Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement (other than a voluntary prepayment complying with Clause 16 below), the Borrower under the Term Loan U Facility agrees to pay to the Facility Agent (for the account of the Telenet Additional Facility U Lender) an amount equal to the relevant percentages of the principal amount of the Term Loan U Facility being prepaid as set forth in the table below on, plus accrued and unpaid interest then due on the amount of the Term Loan U Facility prepaid to, the due date of prepayment, if prepaid during the twelve-month period beginning on of the years indicated below:

Year	Prepayment Price expressed as a percentage of the principal amount of the Term Loan U Facility
2017	3.125%
2018	2.083%
2019	1.563%
2020 and thereafter	0.000%

Such payment shall be due and payable by the Borrower under the Term Loan U Facility to the Facility Agent (for the account of the Telenet Additional Facility U Lender) on the actual date of such prepayment.

16. Following a Telenet Group Transfer:

(a) if the holders of a majority of the aggregate principal amount of the Aggregate Notes consent to the Telenet Group Transfer, the Borrower under the Term Loan U Facility may, at its option, voluntarily prepay a principal amount of the Term Loan U Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement equal to the aggregate principal amount of the Notes whose holders did not consent to the Telenet Group Transfer (in accordance with the terms of the Indenture) and in connection therewith the Borrower under the Term Loan U Facility will pay to the Facility Agent (for the account of the Telenet Additional Facility U Lender) an amount equal to 1 per cent. of the principal amount of the Term Loan U Facility prepaid, plus accrued and unpaid interest to the due date of prepayment. Such payment shall be due and payable by the Borrower to the Facility Agent (for the account of the Telenet Additional Facility U Lender) under the Term Loan U Facility on the actual date of such prepayment; or

(b) if the holders of a majority of the aggregate principal amount of the Aggregate Notes do not consent to the Telenet Group Transfer, the Borrower under the Term Loan U Facility will voluntarily prepay a principal amount of the Term Loan U Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement equal to the aggregate principal amount of the Notes tendered in the offer to purchase described in Section 3.08(b) of the Indenture and in connection therewith the Borrower under the Term Loan U Facility will pay to the Facility Agent (for the account of the Telenet Additional Facility U Lender) an amount equal to 1 per cent. of the principal amount of the Term Loan U Facility prepaid, plus accrued and unpaid interest to the due date of prepayment. Such payment shall be due and payable by the Borrower to the Facility Agent (for the account of the Telenet Additional Facility U Lender) under the Term Loan U Facility on the actual date of such prepayment.

For the purposes of this Clause 16:

"**Telenet Group Transfer**" means the occurrence of either of the following: (a) the consummation of any transaction (including, without limitation, any merger, consolidation, scheme of arrangement or amalgamation), the result of which is that Liberty Global Europe Financing B.V., UPC Holding B.V. and/or any of their Subsidiaries becomes the beneficial owner, directly or indirectly, of more than 50% of the voting stock of Telenet NV or (b) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of Telenet NV and its Subsidiaries taken as a whole to Liberty Global Europe Financing B.V., UPC Holding B.V. and/or any of their Subsidiaries.

17. Prior to the earlier of (i) 16 November 2012 and (ii) ten business days following the payment of the bid price to tendering shareholders in the Voluntary Self Tender (as defined in the Indenture),

Excess Offering Proceeds (as defined in the Indenture) may be used by the Borrower at one time only on five business days' notice (which notice will be irrevocable) to prepay the Term Loan U Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement, in a principal amount up to €250 million, *provided* that, in any event, at least €200 million in principal amount of the Term Loan U Facility will remain outstanding immediately after such prepayment. In the instance of a voluntary prepayment being made pursuant to this Clause 17, the Additional Amount referred to in Clause 15 will not be payable by the Borrower.

18. Telenet NV shall not arrange an Additional Facility (in addition to any applicable requirements set forth in Clause 2.8(e) of the Credit Agreement) if after giving effect to the utilisation (and, for the avoidance of doubt, the application of the net proceeds) of the Total Telenet Additional Facility Commitments under such Telenet Additional Facility, the ratio of Net Total Senior Debt (as defined below) to Consolidated Annualised EBITDA would be greater than 4.50:1.

    "**Net Total Senior Debt**" means, at any time, that part of Total Debt which is attributable to Financial Indebtedness outstanding under the Finance Documents less Cash and Cash Equivalents at that date.

19. The Borrower agrees that it will not request or require the transfer of all of the rights and obligations of the Telenet Additional Facility U Lender pursuant to Clause 26.3 (Non-Consenting Lenders) of the Credit Agreement.

20. The Borrower under the Term Loan U Facility confirms, on behalf of itself and each other Obligor, that the representations and warranties set out in Clause 16 (Representations and Warranties) of the Credit Agreement (except for Clauses 16.7 (Authorisations), 16.9 (No material adverse change), 16.10 (Litigation and insolvency proceedings), 16.11 (Business Plan), 16.12 (No misleading information), 16.13 (Tax Liabilities), 16.14 (Security Interests), 16.17 (Ownership of assets), and 16.19 (ERISA)) are true and correct as if made at the Effective Date with reference to the facts and circumstances then existing, and as if each reference to the Finance Documents includes a reference to this Agreement.

21. Each of the Guarantors confirms that its obligations under Clause 15 (Guarantee and Indemnity) of the Credit Agreement, and each of the Existing Security Providers confirms that the Security Interests created pursuant to the Security Documents and its obligations under the Finance Documents, shall continue unaffected and that such obligations extend to the Total Commitments as increased by the addition of the Term Loan U Facility and that such obligations shall be owed to each Finance Party including the Telenet Additional Facility U Lender.

22. The Telenet Additional Facility U Lender confirms to each Finance Party that:

    (a) it has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and has not relied on any information provided to it by a Finance Party in connection with any Finance Document; and

    (b) it will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Telenet Additional Facility Commitment is in force.

23. The Telenet Additional Facility U Lender and the Facility Agent agree to waive the notice period in respect of drawdown requests under Clause 5.1 (Giving of Request) of the Credit Agreement in respect of this Term Loan U Facility.

24. The Telenet Additional Facility U Lender, the Borrower and the Facility Agent acknowledge and agree that (a) the Facility U Advance shall be made by the Additional Facility U Lender directly to the Borrower to an account notified by the Borrower to the Additional Facility U Lender, rather than through the Facility Agent, and (b) in respect of any other payments of principal, interest or other amounts due under Facility U, (i) the Borrower shall make payments payable by it to the Additional Facility U Lender directly to the Additional Facility U Lender (or to such account as the Additional Facility U Lender may specify), and (ii) the Additional Facility U Lender shall make payments payable by it to the Borrower directly to the Borrower (or to such account as the Borrower may specify). The Additional Facility U Lender agrees that it shall promptly notify the Facility Agent if the Borrower fails to make any payment under subclause (b)(i) of this Clause 24 when due, and the Borrower agrees that it shall promptly notify the Facility Agent if the Additional Facility U Lender fails to make any payment under subclause (b)(ii) of this Clause 24 when due.

25. The Facility Office and address for notices of the Telenet Additional Facility U Lender for the purposes of Clause 33.2 (Contact details) of the Credit Agreement will be that notified by the Telenet Additional Facility U Lender to the Facility Agent.

26. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

27. This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page of this Agreement by e-mail (PDF) or telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page to the final text of this Agreement, such counterpart signature page shall take effect together with such final text as a complete authoritative counterpart.

28. The Borrower under the Term Loan U Facility hereby agrees that the Telenet Additional Facility U Lender may disclose confidential information supplied to it by or on behalf of any Obligor in connection with the Finance Documents to the extent such disclosure is required by the terms of the Notes.

29. For the purposes of any assignment, transfer or novation of rights and/or obligations (in whole or in part) by the Telenet Additional Facility U Lender under Clause 27.3 (Transfers by Lenders) of the Credit Agreement, the Borrower hereby consents to any assignment, transfer or novation made by the Telenet Additional Facility U Lender following an Event of Default under and as defined in the Indenture. The Telenet Additional Facility U Lender may only deliver to the Facility Agent a completed Transfer Certificate if at that time it confirms to the Facility Agent in writing that an assignment, transfer or novation of the interest Term Loan U Facility to be assigned, transferred or novated is not prohibited under the terms of any agreement that is binding on it or any of its assets.

30. The parties acknowledge that this Agreement is a Finance Document.

[Signature Pages Follow]

SIGNATORIES

AGENTS

THE BANK OF NOVA SCOTIA as Facility Agent

By: ___________________________________
Name:
Title:

KBC BANK NV as Security Agent

By: ___________________________________
Name:
Title:

BORROWER

TELENET INTERNATIONAL FINANCE S.à r.l.

By: ___________________________________
Name:
Title:

GUARANTORS

TELENET NV

By: ___________________________________
Name:
Title:

TELENET INTERNATIONAL FINANCE S.à r.l.

By: ___________________________________
Name:
Title:

EXISTING SECURITY PROVIDERS

TELENET NV

By: ___________________________________
Name:
Title:

TELENET GROUP HOLDING NV

By: ___________________________________
Name:
Title:

TELENET VLAANDEREN NV

By: ___________________________________
Name:
Title:

TELENET INTERNATIONAL FINANCE S.à r.l.

By: ___________________________________
Name:
Title:

TELENET ADDITIONAL FACILITY U LENDER

TELENET FINANCE V LUXEMBOURG S.C.A.
acting by its General Partner,
Telenet Finance V S.à r.l.

By: ____________________________________
Name:
Title:

SCHEDULE 1

TELENET ADDITIONAL FACILITY U LENDER AND TERM LOAN U FACILITY COMMITMENTS

Telenet Additional Facility U Lender	Term Loan U Facility Commitment (€)
Telenet Finance V Luxembourg S.C.A.	450,000,000
Total	450,000,000

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

1. Obligors

(a) A copy of the articles of association of each Obligor and each Existing Security Provider.

(b) A copy of a resolution of the board of directors of each Obligor and each Existing Security Provider approving the terms of, and the transactions contemplated by, this Agreement and any other Finance Documents to which it is, or will become, a party.

(c) A specimen of the signature of each person authorised on behalf of an Obligor and each Existing Security Provider to execute or witness the execution of this Agreement and any other Finance Document or to sign or send any document or notice in connection with this Agreement and any other Finance Document.

(d) An up-to-date extract from the Luxembourg Trade and Companies Register in respect of the Borrower under the Term Loan U Facility.

(e) An up-to-date negative certificate (*certificat de non-inscription d'une decision judicaire*) issued by the Luxembourg Trade and Companies register in respect of the Borrower under the Term Loan U Facility.

(f) A copy of the minutes of the shareholders' meeting of each Belgian Obligor and each Belgian Existing Security Provider (other than Telenet Group Holding NV):

  (i) approving for the purposes of article 556 of the Belgian Companies Act, the terms of and transactions contemplated by this Agreement; and

  (ii) authorising named persons to fulfil the formalities with the Registry of the Commercial Court of the registered office of such Obligor or Existing Security Provider following the decision taken in accordance with the above.

(g) A certificate of an authorised signatory of the Borrower under the Term Loan U Facility:

  (i) confirming that utilising the Total Commitments (including the Term Loan U Facility Commitment) in full would not breach any limit binding on any Obligor; and

  (ii) certifying that each copy document specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(h) A copy of the most recent annual accounts of the Borrower or, in the absence thereof, a copy of the opening balance sheet of the Borrower under the Term Loan U Facility.

(i) Evidence that the agent of the Borrower under the Finance Documents for service of process in England has accepted its appointment.

(j) Evidence required by the Finance Parties for the purpose of any applicable money laundering regulations.

2. Legal opinions

(a) A legal opinion of Allen & Overy LLP, English legal advisers to the Facility Agent, addressed to the Finance Parties and the initial purchasers under the Purchase Agreement executed in respect of the Notes.

(b) A legal opinion of Allen & Overy LLP, Belgian legal advisers to the Facility Agent, addressed to the Telenet Finance Parties and the initial purchasers under the Purchase Agreement executed in respect of the Notes.

(c) A legal opinion of Allen & Overy Luxembourg, Luxembourg legal advisers to the Facility Agent, addressed to the Telenet Finance Parties and the initial purchasers under the Purchase Agreement executed in respect of the Notes.

3. Other

(a) Confirmation by the Telenet Additional Facility U Lender that the Notes have been issued.

(b) Deed of Accession in respect of the Telenet Additional Facility U Lender accession to the Intercreditor Agreement as a Lender.

FORM OF THE FACILITY V ACCESSION AGREEMENT

TELENET ADDITIONAL FACILITY V ACCESSION AGREEMENT

TERM LOAN V FACILITY

To: The Bank of Nova Scotia as Facility Agent and KBC Bank NV as Security Agent

From: The Telenet Additional Facility V Lender

Date: 16 August 2012

TELENET NV—Credit Agreement
dated 1 August 2007, as amended from time to time (the Credit Agreement)

1. In this Agreement:

   Aggregate Notes means (i) the Notes and (ii) the €450,000,000 aggregate principal amount of 6.250% fixed rate notes due 2022 issued on or about the date of this Agreement under the Indenture.

   Borrower in relation to the Term Loan V Facility means Telenet International Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 2, rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number RCS B.155.066, having a share capital of EUR 2,031,000.

   Indenture means the indenture, dated on or about the date of this Agreement, among, *inter alia*, Telenet Additional Facility V Lender, as issuer, and The Bank of New York Mellon, as trustee.

   Notes means the €250,000,000 aggregate principal amount of 6.750% fixed rate notes due 2024 and issued on or about the date of this agreement by the Telenet Additional Facility V Lender pursuant to the Indenture.

   Telenet Additional Facility V Lender means Telenet Finance V Luxembourg S.C.A., a corporate partnership limited by shares, *société en commandite par actions* incorporated under the laws of the Grand Duchy of Luxembourg with its registered office at 5, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B164890.

   Term Loan V Facility means the €250,000,000 term loan facility made available by the Telenet Additional Facility V Lender under this Agreement.

   Term Loan V Facility Commitment means, in relation to the Telenet Additional Facility V Lender, the amount in euros set opposite its name under the heading "Term Loan V Facility Commitment" in Schedule 1 to this Agreement, to the extent not cancelled, transferred, or reduced under the Credit Agreement.

   Term Loan V Facility Loan means a euro denominated loan made to the Borrower by the Telenet Additional Facility V Lender under the Term Loan V Facility.

2. For the purposes of the Term Loan V Facility and any Term Loan V Facility Loan, and notwithstanding any provision of a Finance Document to the contrary:

   (a) the following defined terms shall have the following meanings in the Finance Documents:

   Luxembourg means the Grand Duchy of Luxembourg.

   Luxembourg Guarantor means a Guarantor incorporated in Luxembourg.

   Luxembourg Obligor means an Obligor incorporated in Luxembourg.

   Qualifying Lender means a Lender which is not an individual or a residual entity within the meaning of the Luxembourg laws implementing the European Council Directive 2003/48/EC of 3 June 2003 (the **EU SD**) on taxation of savings income in the form of interest payments, including notably the Luxembourg laws of 21 June 2005 implementing under Luxembourg law the EU SD and the Luxembourg law of 23 December 2005 creating a final withholding tax on certain income deriving from savings, and any entity which may fall within the scope of the EU SD and the aforesaid Luxembourg laws as they may be amended from time to time.

   (b) where they relate to a Luxembourg company, references in the Finance Documents to:

      (i) a winding-up, administration or dissolution includes, without limitation, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally;

(ii) a receiver, administrative receiver, administrator or the like includes, without limitation, a *juge délégué, commissaire, juge-commissaire, liquidateur or curateur*;

(iii) a security interest includes any *hypothèque, nantissement, gage, privilege, sûreté réelle, droit de rétention* and any type of real security or agreement or arrangement having a similar effect and any transfer of title by way of security; and

(iv) a person being unable to pay its debts includes that person being in a state of cessation of payments (*cessation de paiements*);

(c) any guarantee given by any Luxembourg Guarantor does not constitute a suretyship (*cautionnement*) in the sense of articles 2011 and subsequent of the Luxembourg civil code;

(d) the maximum liability of any Luxembourg Guarantor under the Finance Documents shall be limited so that the maximum amount payable by the relevant Luxembourg Guarantor for the obligations of any Obligor, which is not a direct or indirect Subsidiary of such Luxembourg Guarantor, hereunder shall at no time exceed the Maximum Amount.

Maximum Amount of any Luxembourg Guarantor means the sum of:

(i) an amount equal to the aggregate (without duplication) of:

(A) all moneys received by that Luxembourg Guarantor or direct or indirect Subsidiaries of that Luxembourg Guarantor (which are direct or indirect Subsidiaries of that Luxembourg Guarantor on the date hereof or which will be direct or indirect Subsidiaries of that Luxembourg Guarantor hereafter) as borrower under or pursuant to the Finance Documents; and

(B) the aggregate amount of the outstanding intercompany loans made to the Luxembourg Guarantor or direct or indirect Subsidiaries of that Luxembourg Guarantor (which are direct or indirect Subsidiaries of that Luxembourg Guarantor on the date hereof or which will be direct or indirect Subsidiaries of that Luxembourg Guarantor hereafter) by other members of the Group which have been funded with moneys received by the Borrowers under the Finance Documents (the **Loan Amount**); and

(C) an amount equal to 95% of the greater of:

(I) the market value of the assets of the Luxembourg Guarantor at the time the guarantee is called less the Liabilities, other than the Loan Amount, at the time the guarantee is called; and

(II) the market value of the assets of the Luxembourg Guarantor at the date of this Agreement less the Liabilities, other than the Loan Amount, at the time the guarantee is called.

Liabilities means all existing liabilities (other than any liabilities owed to the direct or indirect shareholders of the Luxembourg Guarantor) incurred, from time to time, by the Luxembourg Guarantor and as reflected, from time to time, in the books of the Luxembourg Guarantor.

If the Parties fail to reach an agreement as to the market value of the assets as referred to under paragraph (C) above, such market value shall be determined, at the sole costs of the Luxembourg Guarantor, by (1) an independent investment bank appointed for this purpose by the Finance Parties or (2) a Luxembourg réviseur d'entreprises appointed upon the request of any of the Finance Parties;

(e) Telenet International Finance S.à r.l. hereby expressly accepts and confirms, for the purposes of articles 1281 and 1278 of the Luxembourg civil code, that notwithstanding any assignment, transfer and/or novation permitted under, and made in accordance with, the provisions of this Agreement or the Finance Documents, the guarantee given by it guarantees all obligations of each Obligor (including without limitation, all obligations with respect to all rights and/or obligations so assigned, transferred or novated) and any security created under this Agreement or the Finance Documents shall be preserved for the benefit of any New Lender and each Luxembourg Obligor hereby accepts and confirms the aforementioned.

3. Unless otherwise defined in this Agreement, terms defined in the Credit Agreement shall have the same meaning in this Agreement and a reference to a Clause is a reference to a Clause of the Credit Agreement. The principles of construction set out in Clause 1.2 (Construction) of the Credit Agreement apply to this Agreement as though they were set out in full in this Agreement.

4. We refer to Clause 2.7 (Telenet Additional Facility) of the Credit Agreement.

5. This Agreement will take effect on the date on which the Facility Agent notifies the Borrower under the Term Loan V Facility and the Telenet Additional Facility V Lender that it has received the documents and evidence set out in Schedule 2 to this Agreement, in each case in form and substance satisfactory to it or, as the case may be, the requirement to provide any of such documents or evidence has been waived by the Facility Agent (acting on the instructions of the Term Loan V Facility Lender) (the **Effective Date**).

6. The Telenet Additional Facility V Lender agrees:

   (a) to become party to and to be bound by the terms of the Credit Agreement as a Lender in accordance with Clause 2.7 (Telenet Additional Facility) of the Credit Agreement; and

   (b) to become party to the Intercreditor Agreement as a Lender and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity as Lender in accordance with Clause 20.7 (Senior Creditors) of the Intercreditor Agreement.

7. The Telenet Additional Facility Commitment in relation to the Telenet Additional Facility V Lender (for the purpose of the definition of Telenet Additional Facility Commitment in Clause 1.1 (Definitions) of the Credit Agreement) is its Term Loan V Facility Commitment.

8. The Facility Agent will, for the purposes of any determination to be made under the Credit Agreement or this Agreement, apply the votes of the Telenet Additional Facility V Lender in accordance with a written direction to be provided by the Telenet Additional Facility V Lender. The Telenet Additional Facility V Lender agrees that it will give any such direction in accordance with the provisions of Section [ ] of the Indenture. For the avoidance of doubt, the Facility Agent may rely on any such directions received and shall have no duty to enquire or monitor as to whether such direction complies with Section [ ] of the Indenture.

9. The Term Loan V Facility may be drawn by one Loan on the Effective Date and such date will constitute the Availability Period for the Term Loan V Facility. No more than one Request may be made in respect of the Term Loan V Facility under the Credit Agreement, and such Request may only be in a principal amount of the Telenet Additional Facility Commitment in relation to the Term Loan V Facility as set out in paragraph 7 above.

10. The Final Maturity Date in respect of the Term Loan V Facility is 15 August 2024. Any outstanding Loan under the Term Loan V Facility shall be repaid in full on the Final Maturity Date.

11. The interest rate in relation to the Term Loan V Facility will be a fixed rate of 6.750% per annum. Such interest rate will be calculated in accordance with Clause 8.1 (Interest rate) of the Credit Agreement as being the sum of EURIBOR, the applicable Margin and the Mandatory Costs, where in order to achieve the fixed rate referred to above, the applicable Margin will be:

    (a) 6.750% per annum, calculated on the basis of a 360-day year comprised of twelve 30-day months;

    minus

    (b) the sum of EURIBOR plus the Mandatory Costs.

    For the avoidance of doubt, for the purpose of this calculation, the applicable Margin may be a negative number. Further, the interest rate for this Term Loan V Facility will never exceed 6.750% per annum (save to the extent that Clause 8.3 (Interest on overdue amounts) of the Credit Agreement may apply).

12. The first Term to apply to the Term Loan V Facility Loan will be a period equal to the period running from the Effective Date up to and including 15 February 2013. The Borrower agrees that each subsequent Term under the Term Loan V Facility will be 6 months.

13. Upon the occurrence of a mandatory prepayment of the Term Loan V Facility following a Change of Control, as defined under Clause 7.2 (Mandatory prepayment—change of control) of the Credit

Agreement, the Borrower under the Term Loan V Facility agrees to pay to the Facility Agent (for the account of the Telenet Additional Facility V Lender) an amount equal to 1 per cent. of the principal amount of the Term Loan V Facility, plus accrued and unpaid interest to the due date of mandatory prepayment. Such payment shall be due and payable by the Borrower to the Facility Agent (for the account of the Telenet Additional Facility V Lender) under the Term Loan V Facility on the actual date of such mandatory prepayment.

14. At any time prior to 15 August 2018, upon the occurrence of a voluntary prepayment of any or all of the Term Loan V Facility by the Borrower under the Term Loan V Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement (other than a voluntary prepayment complying with Clause 16 below), the Borrower under the Term Loan V Facility agrees to pay to the Facility Agent (for the account of the Telenet Additional Facility V Lender) an amount equal to the Additional Amount (as defined below) (calculated as of a date no more than three Business Days prior to the date of the relevant prepayment notice), plus accrued and unpaid interest on the amount of the Term Loan V Facility Loan prepaid to the due date of prepayment. Such payment shall be due and payable by the Borrower under the Term Loan V Facility to the Facility Agent (for the account of the Telenet Additional Facility V Lender) on the actual date of such prepayment.

For the purposes of this Clause 14:

Additional Amount means, with respect to the Term Loan V Facility on any prepayment date applicable to the voluntary prepayment of any or all of the Term Loan V Facility, the excess of:

(i) the present value at such prepayment date of (i) the amount that would be payable (as set out in clause 16 below) in respect of the Term Loan V Facility if the Term Loan V Facility were prepaid pursuant to Clause 7.6 (Voluntary prepayment) of the Credit Agreement, plus (ii) the principal amount of the Term Loan V Facility being prepaid plus (iii) all required interest payments due on the principal amount of the Term Loan V Facility being prepaid through 15 August 2018, (excluding accrued but unpaid interest to the prepayment date and assuming such interest payments are calculated at the rate of interest on the Term Loan V Facility in effect on such prepayment date), computed using a discount rate equal to the Bund Rate as of such prepayment date plus 50 basis points; over

(ii) the principal amount of the Term Loan V Facility being prepaid.

Bund Rate means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(i) "**Comparable German Bund Issue**" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such prepayment date to 15 August 2018, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 15 August 2018; provided, however, that, if the period from such prepayment date to 15 August 2018 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such prepayment date to 15 August 2018 is less than one year, a fixed maturity of one year shall be used;

(ii) "**Comparable German Bund Price**" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Telenet Additional Facility V Lender obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(iii) "**Reference German Bund Dealer**" means any dealer of German Bundesanleihe securities appointed by the Telenet Additional Facility V Lender in consultation with the Trustee; and

(iv) "**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Telenet

Additional Facility V Lender of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Telenet Additional Facility V Lender by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the relevant date.

15. On or after 15 August 2018 upon the occurrence of a voluntary prepayment of any or all of the Term Loan V Facility by the Borrower under the Term Loan V Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement (other than a voluntary prepayment complying with Clause 16 below), the Borrower under the Term Loan V Facility agrees to pay to the Facility Agent (for the account of the Telenet Additional Facility V Lender) an amount equal to the relevant percentages of the principal amount of the Term Loan V Facility being prepaid as set forth in the table below on, plus accrued and unpaid interest then due on the amount of the Term Loan V Facility prepaid to, the due date of prepayment, if prepaid during the twelve-month period beginning on of the years indicated below:

Year	Prepayment Price expressed as a percentage of the principal amount of the Term Loan V Facility
2018	3.375%
2019	2.531%
2020	1.688%
2021	0.844%
2022 and thereafter	0.000%

Such payment shall be due and payable by the Borrower under the Term Loan V Facility to the Facility Agent (for the account of the Telenet Additional Facility V Lender) on the actual date of such prepayment.

16. Following a Telenet Group Transfer:

(a) if the holders of a majority of the aggregate principal amount of the Aggregate Notes consent to the Telenet Group Transfer, the Borrower under the Term Loan V Facility may, at its option, voluntarily prepay a principal amount of the Term Loan V Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement equal to the aggregate principal amount of the Notes whose holders did not consent to the Telenet Group Transfer (in accordance with the terms of the Indenture) and in connection therewith the Borrower under the Term Loan V Facility will pay to the Facility Agent (for the account of the Telenet Additional Facility V Lender) an amount equal to 1 per cent. of the principal amount of the Term Loan V Facility prepaid, plus accrued and unpaid interest to the due date of prepayment. Such payment shall be due and payable by the Borrower to the Facility Agent (for the account of the Telenet Additional Facility V Lender) under the Term Loan V Facility on the actual date of such prepayment; or

(b) if the holders of a majority of the aggregate principal amount of the Aggregate Notes do not consent to the Telenet Group Transfer, the Borrower under the Term Loan V Facility will voluntarily prepay a principal amount of the Term Loan V Facility under Clause 7.6 (Voluntary prepayment) of the Credit Agreement equal to the aggregate principal amount of the Notes tendered in the offer to purchase described in Section 3.08(b) of the Indenture and in connection therewith the Borrower under the Term Loan V Facility will pay to the Facility Agent (for the account of the Telenet Additional Facility V Lender) an amount equal to 1 per cent. of the principal amount of the Term Loan V Facility prepaid, plus accrued and unpaid interest to the due date of prepayment. Such payment shall be due and payable by the Borrower to the Facility Agent (for the account of the Telenet Additional Facility V Lender) under the Term Loan V Facility on the actual date of such prepayment.

For the purposes of this Clause 16:

"**Telenet Group Transfer**" means the occurrence of either of the following: (a) the consummation of any transaction (including, without limitation, any merger, consolidation, scheme of arrangement or amalgamation), the result of which is that Liberty Global Europe Financing B.V., UPC Holding B.V. and/or any of their Subsidiaries becomes the beneficial owner, directly or indirectly, of more than 50% of the voting stock of Telenet NV or (b) the direct or indirect sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of Telenet NV and its Subsidiaries taken as a whole to Liberty Global Europe Financing B.V., UPC Holding B.V. and/or any of their Subsidiaries.

17. Telenet NV shall not arrange an Additional Facility (in addition to any applicable requirements set forth in Clause 2.8(e) of the Credit Agreement) if after giving effect to the utilisation (and, for the avoidance of doubt, the application of the net proceeds) of the Total Telenet Additional Facility Commitments under such Telenet Additional Facility, the ratio of Net Total Senior Debt (as defined below) to Consolidated Annualised EBITDA would be greater than 4.50:1.

    "**Net Total Senior Debt**" means, at any time, that part of Total Debt which is attributable to Financial Indebtedness outstanding under the Finance Documents less Cash and Cash Equivalents at that date.

18. The Borrower agrees that it will not request or require the transfer of all of the rights and obligations of the Telenet Additional Facility V Lender pursuant to Clause 26.3 (Non-Consenting Lenders) of the Credit Agreement.

19. The Borrower under the Term Loan V Facility confirms, on behalf of itself and each other Obligor, that the representations and warranties set out in Clause 16 (Representations and Warranties) of the Credit Agreement (except for Clauses 16.7 (Authorisations), 16.9 (No material adverse change), 16.10 (Litigation and insolvency proceedings), 16.11 (Business Plan), 16.12 (No misleading information), 16.13 (Tax Liabilities), 16.14 (Security Interests), 16.17 (Ownership of assets), and 16.19 (ERISA)) are true and correct as if made at the Effective Date with reference to the facts and circumstances then existing, and as if each reference to the Finance Documents includes a reference to this Agreement.

20. Each of the Guarantors confirms that its obligations under Clause 15 (Guarantee and Indemnity) of the Credit Agreement, and each of the Existing Security Providers confirms that the Security Interests created pursuant to the Security Documents and its obligations under the Finance Documents, shall continue unaffected and that such obligations extend to the Total Commitments as increased by the addition of the Term Loan V Facility and that such obligations shall be owed to each Finance Party including the Telenet Additional Facility V Lender.

21. The Telenet Additional Facility V Lender confirms to each Finance Party that:

    (a) it has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and has not relied on any information provided to it by a Finance Party in connection with any Finance Document; and

    (b) it will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Telenet Additional Facility Commitment is in force.

22. The Telenet Additional Facility V Lender and the Facility Agent agree to waive the notice period in respect of drawdown requests under Clause 5.1 (Giving of Request) of the Credit Agreement in respect of this Term Loan V Facility.

23. The Telenet Additional Facility V Lender, the Borrower and the Facility Agent acknowledge and agree that (a) the Facility V Advance shall be made by the Additional Facility V Lender directly to the Borrower to an account notified by the Borrower to the Additional Facility V Lender, rather than through the Facility Agent, and (b) in respect of any other payments of principal, interest or other amounts due under Facility V, (i) the Borrower shall make payments payable by it to the Additional Facility V Lender directly to the Additional Facility V Lender (or to such account as the Additional Facility V Lender may specify), and (ii) the Additional Facility V Lender shall make payments payable by it to the Borrower directly to the Borrower (or to such account as the Borrower may specify). The Additional Facility V Lender agrees that it shall promptly notify the Facility Agent if the Borrower fails to make any payment under subclause (b)(i) of this Clause 23 when due, and the Borrower agrees that it shall promptly notify the Facility Agent if the Additional Facility V Lender fails to make any payment under subclause (b)(ii) of this Clause 23 when due.

24. The Facility Office and address for notices of the Telenet Additional Facility V Lender for the purposes of Clause 33.2 (Contact details) of the Credit Agreement will be that notified by the Telenet Additional Facility V Lender to the Facility Agent.

25. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

26. This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the

same instrument. Delivery of an executed counterpart signature page of this Agreement by e-mail (PDF) or telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page to the final text of this Agreement, such counterpart signature page shall take effect together with such final text as a complete authoritative counterpart.

27. The Borrower under the Term Loan V Facility hereby agrees that the Telenet Additional Facility V Lender may disclose confidential information supplied to it by or on behalf of any Obligor in connection with the Finance Documents to the extent such disclosure is required by the terms of the Notes.

28. For the purposes of any assignment, transfer or novation of rights and/or obligations (in whole or in part) by the Telenet Additional Facility V Lender under Clause 27.3 (Transfers by Lenders) of the Credit Agreement, the Borrower hereby consents to any assignment, transfer or novation made by the Telenet Additional Facility V Lender following an Event of Default under and as defined in the Indenture. The Telenet Additional Facility V Lender may only deliver to the Facility Agent a completed Transfer Certificate if at that time it confirms to the Facility Agent in writing that an assignment, transfer or novation of the interest Term Loan V Facility to be assigned, transferred or novated is not prohibited under the terms of any agreement that is binding on it or any of its assets.

29. The parties acknowledge that this Agreement is a Finance Document.

[Signature Pages Follow]

SIGNATORIES

AGENTS

THE BANK OF NOVA SCOTIA as Facility Agent

By: ____________________________________
Name:
Title:

KBC BANK NV as Security Agent

By: ____________________________________
Name:
Title:

BORROWER

TELENET INTERNATIONAL FINANCE S.à r.l.

By: ____________________________________
Name:
Title:

GUARANTORS

TELENET NV

By: ____________________________________
Name:
Title:

TELENET INTERNATIONAL FINANCE S.à r.l.

By: ____________________________________
Name:
Title:

EXISTING SECURITY PROVIDERS

TELENET NV

By: ____________________________________
Name:
Title:

TELENET GROUP HOLDING NV

By: ____________________________________
Name:
Title:

TELENET VLAANDEREN NV

By: ____________________________________
Name:
Title:

TELENET INTERNATIONAL FINANCE S.à r.l.

By: ____________________________________
Name:
Title:

TELENET ADDITIONAL FACILITY V LENDER

TELENET FINANCE V LUXEMBOURG S.C.A.
acting by its General Partner,
Telenet Finance V S.à r.l.

By: ________________________________
Name:
Title:

SCHEDULE 1

TELENET ADDITIONAL FACILITY V LENDER AND TERM LOAN U FACILITY COMMITMENTS

Telenet Additional Facility U Lender	Term Loan U Facility Commitment (€)
Telenet Finance V Luxembourg S.C.A.	250,000,000
Total	250,000,000

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

1. Obligors

(a) A copy of the articles of association of each Obligor and each Existing Security Provider.

(b) A copy of a resolution of the board of directors of each Obligor and each Existing Security Provider approving the terms of, and the transactions contemplated by, this Agreement and any other Finance Documents to which it is, or will become, a party.

(c) A specimen of the signature of each person authorised on behalf of an Obligor and each Existing Security Provider to execute or witness the execution of this Agreement and any other Finance Document or to sign or send any document or notice in connection with this Agreement and any other Finance Document.

(d) An up-to-date extract from the Luxembourg Trade and Companies Register in respect of the Borrower under the Term Loan V Facility.

(e) An up-to-date negative certificate (*certificat de non-inscription d'une decision judicaire*) issued by the Luxembourg Trade and Companies register in respect of the Borrower under the Term Loan V Facility.

(f) A copy of the minutes of the shareholders' meeting of each Belgian Obligor and each Belgian Existing Security Provider (other than Telenet Group Holding NV):

   (i) approving for the purposes of article 556 of the Belgian Companies Act, the terms of and transactions contemplated by this Agreement; and

   (ii) authorising named persons to fulfil the formalities with the Registry of the Commercial Court of the registered office of such Obligor or Existing Security Provider following the decision taken in accordance with the above.

(g) A certificate of an authorised signatory of the Borrower under the Term Loan V Facility:

   (i) confirming that utilising the Total Commitments (including the Term Loan V Facility Commitment) in full would not breach any limit binding on any Obligor; and

   (ii) certifying that each copy document specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(h) A copy of the most recent annual accounts of the Borrower or, in the absence thereof, a copy of the opening balance sheet of the Borrower under the Term Loan V Facility.

(i) Evidence that the agent of the Borrower under the Finance Documents for service of process in England has accepted its appointment.

(j) Evidence required by the Finance Parties for the purpose of any applicable money laundering regulations.

2. Legal opinions

(a) A legal opinion of Allen & Overy LLP, English legal advisers to the Facility Agent, addressed to the Finance Parties and the initial purchasers under the Purchase Agreement executed in respect of the Notes.

(b) A legal opinion of Allen & Overy LLP, Belgian legal advisers to the Facility Agent, addressed to the Telenet Finance Parties and the initial purchasers under the Purchase Agreement executed in respect of the Notes.

(c) A legal opinion of Allen & Overy Luxembourg, Luxembourg legal advisers to the Facility Agent, addressed to the Telenet Finance Parties and the initial purchasers under the Purchase Agreement executed in respect of the Notes.

3. Other

(a) Confirmation by the Telenet Additional Facility V Lender that the Notes have been issued.

(b) Deed of Accession in respect of the Telenet Additional Facility V Lender accession to the Intercreditor Agreement as a Lender.

ANNEX C

COPY OF THE INTERCREDITOR AGREEMENT

INTERCREDITOR DEED

10 OCTOBER 2007

between, among others,

**THE CORPORATIONS NAMED IN PART 3 OF
SCHEDULE 1
as Original Obligors**

**THE ORIGINAL INTERCOMPANY CREDITORS AND
ORIGINAL INTERCOMPANY DEBTORS NAMED IN PART 4 OF SCHEDULE 1**

THE ORIGINAL SUBORDINATED DEBTORS NAMED IN PART 2 OF SCHEDULE 1

**THE SECURITY PROVIDERS NAMED IN PART 5
OF SCHEDULE 1**

**ABN AMRO BANK N.V., BNP PARIBAS S.A., and J.P. MORGAN PLC
as Mandated Lead Arrangers**

**THE FINANCIAL INSTITUTIONS NAMED IN PART 1 OF SCHEDULE 1
as Original Lenders**

**BNP PARIBAS
as Facility Agent**

and

**KBC BANK NV
as Security Agent**

**relating, amongst other things, to the €2,300,000,000
credit facilities for Telenet BidCo NV, dated 1 August, 2007
as amended and restated from time to time**

Allen & Overy

Allen & Overy LLP

33351-01866 BK:7126608.10

CONTENTS

THIS DEED is dated 10 October 2007.

BETWEEN:

(1) **THE FINANCIAL INSTITUTIONS** named in Part 1 of Schedule 1 (the **Original Lenders**);

(2) **ABN AMRO BANK N.V., BNP PARIBAS S.A.,** and **J.P. MORGAN PLC** as mandated lead arrangers (the **Mandated Lead Arrangers**);

(3) **THE CORPORATIONS** named in Part 2 of Schedule 1 (the **Original Subordinated Debtors**);

(4) **THE CORPORATIONS** named in Part 3 of Schedule 1 as original Obligors (the **Original Obligors**).

(5) **THE INTERCOMPANY CREDITORS** named in Part 4 of Schedule 1 (the **Original Intercompany Creditors**);

(6) **THE INTERCOMPANY DEBTORS** named in Part 4 of Schedule 1 (the **Original Intercompany Debtors**);

(7) **THE SECURITY PROVIDERS** named in Part 5 of Schedule 1 (the **Security Providers**);

(8) **BNP PARIBAS** as facility agent for the Lenders (in this capacity the **Facility Agent**); and

(10) **KBC BANK NV** (having its registered office at Havenlaan 2, B-1080 Brussels, Belgium, Enterprise No.: 0462.920.226, RPR Brussels) as security agent (in this capacity, the **Security Agent**).

WHEREAS:

(A) The Lenders have agreed to provide to Telenet BidCo NV the facilities described in the Senior Facilities Agreement.

(B) The Hedging Banks have provided, or may in the future provide, certain Hedging Facilities to the Obligors.

(C) While the Obligors have confirmed that there is no Subordinated Debt as at the date of this Deed, the corporations named in Part 2 of Schedule 1 nonetheless wish to become party to this Deed as Subordinated Debtors.

(D) The parties to this Deed wish to regulate in this Deed certain matters arising under the Senior Facilities Agreement, the Hedging Documents, and the Security Documents amongst other matters.

(E) It is intended by the parties hereto that this document shall take effect as a deed notwithstanding the fact that a party may only execute this document under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1. Definitions

In this Deed, unless the context requires otherwise:

Additional Amounts means in relation to any liabilities or debts:

(a) any refinancing, novation, deferral or extension of any of those liabilities or debts;

(b) any claim for damages or restitution arising out of, by reference to or in connection with those liabilities or debts;

(c) any further advances which may be made under any agreement amending or supplemental to any Finance Document, Subordinated Debt Document or Intercompany Debt Document evidencing or constituting such liabilities or debts plus all interest, fees and costs in connection therewith;

(d) any claim flowing from any recovery by any Obligor or a receiver or liquidator (***gerechtelijk bestuurder/ administrateur judiciaire/ voorlopig bewindvoerder/ administrateur provisoire/ Judicial Commissioner Commissaris inzake opschorting/ Commissaire au sursis /sekwester/ séquestre***) of any Obligor or any other person of a payment or discharge in respect of any of those liabilities on grounds of preference or otherwise; and

(e) any amounts (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Aggregate Exposure means, from time to time, the aggregate of Bank Debt and the Hedging Liabilities.

Bank Debt means all indebtedness incurred by the Obligors to the Lenders, the Facility Agent or the Security Agent in any manner whatsoever under or in connection with the Finance Documents.

Bankruptcy Event means the occurrence of any of the following in relation to an Obligor:

(a) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or to be insolvent (*is in staat van staking van betalingen/est en état de cessation de paiments*)

(b) it admits its inability to pay its debts as they fall due;

(c) it suspends making payments on any of its debts generally or announces an intention so to do;

(d) by reason of actual or anticipated financial difficulties, it begins negotiations with any creditors generally for the rescheduling of any of its indebtedness;

(e) a moratorium is declared in respect of any of its indebtedness exceeding €10,000,000 (or its equivalent) in aggregate;

(f) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors;

(g) a meeting of it is convened for the purpose of considering any resolution for (or to petition for) its winding-up, administration, examination or dissolution or any such resolution is passed;

(h) any person presents a petition or files documents with the appropriate legal authorities for its winding-up, administration, examination, dissolution, bankruptcy (*faillite/faillissement*) or judicial composition (*concordat judiciaire/gerechtelijk akkoord*);

(i) an order for its winding-up, liquidation, administration, examination, dissolution (*vereffening/liquidation, ontbinding/dissolution, faillissement/faillite and sluiting van een onderneming/fermeture d'enterprise*), bankruptcy (*faillite/faillissement*) or judicial composition (*concordat judiciaire/gerechtelijk akkoord*) is made;

(j) any liquidator, trustee in bankruptcy, examination, judicial custodian, compulsory manager, receiver, administrative receiver, administrator, *curator/curateur, verefferaar/liquidateur, voorlopig bewindvoerder/administrateur provisoire, commissaris inzake opschorting/commissaire au sursis and sekwester/séquestre* or similar officer is appointed in respect of it;

(k) its directors or other officers request the appointment of a liquidator, trustee in bankruptcy, examination, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or

(l) any other analogous step or procedure is taken in any jurisdiction.

Beneficiary means a Senior Creditor.

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in London, Paris and Brussels and which is also a TARGET Day (as defined in the Senior Facilities Agreement).

Commitment has the meaning given to it in the Senior Facilities Agreement.

Company has the meaning given to it in the Senior Facilities Agreement.

Concursus means, in respect of any Person, the bankruptcy or Winding-up of that Person.

Creditor means a Senior Creditor, a Subordinated Creditor or an Intercompany Creditor and where the context so admits or requires includes all of them.

Debt means the Senior Debt, the Subordinated Debt or the Intercompany Debt and where the context so admits or requires includes all of them.

Deed of Accession means an agreement by which a person becomes a party to this Deed, substantially in the form of Schedule 2 (Form of Deed of Accession) with such amendments as the Facility Agent may approve or reasonably require.

Default has the meaning given to it in the Senior Facilities Agreement.

Deferral has the meaning given to it in the Senior Facilities Agreement.

Deferral Debt has the meaning given to it in the Senior Facilities Agreement.

Enforcement Date means the date on which the Facility Agent gives notice under Clause 20.19 (Acceleration) of the Senior Facilities Agreement.

Event of Default has the meaning given to it in the Senior Facilities Agreement.

Existing Security has the meaning given to it in the Senior Facilities Agreement.

Existing Security Document has the meaning given to it in the Senior Facilities Agreement.

Finance Document has the meaning given to it in the Senior Facilities Agreement.

Finance Party has the meaning given to it in the Senior Facilities Agreement.

Group has the meaning given to it in the Senior Facilities Agreement.

Hedging Bank means any person to whom any Hedging Liabilities may be payable or owing (whether or not matured) from time to time.

Hedging Document means each master agreement or other document delivered by a Hedging Bank to the Facility Agent under Clause 4.1 (Hedging Banks) or 20.3 (Transfers by Finance Parties) (or otherwise), in each case providing for Hedging Facilities to be made available to an Obligor (including any contract entered into or confirmation given thereunder) as permitted and/or not expressly prohibited by the terms of the Senior Facilities Agreement and in each case provided such agreement or document complies with the requirements of this Deed (collectively, the **Hedging Documents**).

Hedging Facilities means any interest rate swap and/or interest rate cap, floor, collar or option transactions and/or other interest rate or currency hedging or derivative agreements, arrangements or confirmations.

Hedging Liabilities means all indebtedness incurred by the Obligors (or any of them) to the Hedging Banks or any of them under or in connection with the Hedging Documents.

Holdco has the meaning given to it in the Senior Facilities Agreement.

Intercompany Creditor means an Original Intercompany Creditor or any member of the Group which is or becomes party to this Deed as an Intercompany Creditor and includes Holdco in respect of the Deferral Debt.

Intercompany Debt means all indebtedness incurred by the Obligors or any of them to the Intercompany Creditors or any of them.

Intercompany Debtor means an Original Intercompany Debtor or any Obligor which is or becomes party to this Deed as an Intercompany Debtor and includes the Company in respect of the Deferral Debt.

Intercompany Debt Documents means any and all agreements and other instruments under or by which any Intercompany Debt is outstanding, evidenced, secured or guaranteed.

Lender means:

(a) an Original Lender; or

(b) any person which becomes a Lender after the date of this Deed in accordance with the terms of this Deed.

Majority Lenders has the meaning given to it in the Senior Facilities Agreement.

Majority Senior Creditors means the Majority Lenders PROVIDED THAT, following the acceleration of the Bank Debt in accordance with clause 20.19 (Acceleration) of the Senior Facility Agreement and commencement of enforcement of the Security in accordance with this Deed, for the purposes only of calculating voting rights under this Deed in accordance with this definition, the Total Commitments under the Senior Facilities Agreement will be notionally increased by an aggregate amount equal to the aggregate Hedging Liabilities of those Hedging Banks that each have a Commitment of at least €10,000,000 (such Hedging Liabilities to be calculated in accordance with

Schedule 3 (Calculation of Hedging Liabilities) with respect to each Hedging Bank's interest in the Hedging Documents to which it is a party) and each of those Hedging Banks will be deemed to have the aggregate amount of its Commitments increased by an amount equal to its Hedging Liabilities (calculated in accordance with Schedule 3 (Calculation of Hedging Liabilities) with respect to that Hedging Bank's interest in the Hedging Documents to which it is a party).

Majority Subordinated Creditors means, at any time, Subordinated Creditors whose share in the outstanding Subordinated Debt then aggregate 66 2/3 % or more of the aggregate of all outstanding Subordinated Debt.

New Obligor has the meaning given to it in Clause 20.2(b) (Obligors, Subordinated Debtors and new Intercompany Creditors and Debtors).

Obligor means:

(a) an Original Obligor; or

(b) a New Obligor.

Parties means each of the parties to this Deed.

a **Person** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case, whether or not having separate legal personality).

Receiver means an administrative receiver, receiver and manager or other receiver appointed in respect of the assets of any Person, or a similar officer under applicable law, including but not limited to a judicial commissioner (*Commissaris inzake opschorting/Commissaire au sursis*).

Recovery means any sum of money received or recovered by any of the Senior Creditors on or at any time on account of the enforcement of any Bank Debt and/or Hedging Liability whether directly, as the proceeds of enforcement of security, the exercise of a right of set-off, the receipt or recovery of payment or in any other manner, after deducting therefrom (a) the reasonable costs and expenses incurred in effecting such receipt or recovery, and (b) any sums required by law or court order to be paid to third parties on account of claims preferred by law over the claims of the Senior Creditors (together, the **Recoveries**).

Restricted Person has the meaning given to it in the Senior Facilities Agreement.

Security means the security created by the Security Documents.

Security Document has the meaning given to it in the Senior Facilities Agreement.

Security Interest has the meaning given to it in the Senior Facilities Agreement.

Senior Creditor means each of the Finance Parties, and the Hedging Banks who have become a Party to this Deed in accordance with Clause 4.1(b) (Hedging Banks) or Clause 20.3 (Transfers by Finance Parties).

Senior Debt means the Bank Debt and the Hedging Liabilities.

Senior Discharge Date means the date on which each of the Bank Debt and the Hedging Liabilities have been fully paid and discharged and all commitments under the Finance Documents to provide any financial accommodation of all of the Lenders and the Hedging Banks have been cancelled to the satisfaction of the Facility Agent acting reasonably (in the case of the Bank Debt) and the Hedging Banks acting reasonably (in the case of the Hedging Liabilities).

Senior Facilities Agreement means the €2,300,000,000 credit facilities agreement dated 1 August 2007 (as amended from time to time) and made between inter alia, the Company, Telenet NV and UPC Belgium NV as Original Guarantors, the Mandated Lead Arrangers (each as defined therein), BNP Paribas as Facility Agent, and KBC Bank NV as Security Agent.

Senior Finance Document means the Finance Documents and the Hedging Documents.

Share Pledge has the meaning given to it in the Senior Facilities Agreement.

Subordinated Creditor means each Restricted Person which accedes to this Deed as a Subordinated Creditor under Clause 4.2 (Accession of Subordinated Creditors) in its capacity as a provider of Subordinated Debt to any member of the Group, and includes any person to whom any Subordinated Debt may be payable or owing (whether or not matured) from time to time.

Subordinated Debt means all indebtedness incurred by a member of the Group to a Subordinated Creditor.

Subordinated Debt Documents means any document evidencing or recording the terms of any Subordinated Debt.

Subordinated Debtor means an Original Subordinated Debtor or any member of the Group which is or becomes party to this Deed as a Subordinated Debtor.

Subordinated Discharge Date means the date on which the Subordinated Debt has been fully paid and discharged and all commitments under the Subordinated Debt Documents to provide any financial accommodation of all of the Subordinated Creditors have been cancelled to the satisfaction of the Subordinated Creditors acting reasonably.

Subsidiary has the meaning given to it in the Senior Facilities Agreement.

Telenet Additional Facility Lender has the meaning given to it in the Senior Facilities Agreement.

Total Commitments has the meaning given to it in the Senior Facilities Agreement.

Transfer Certificate has the meaning given to it in the Senior Facilities Agreement.

Utilisation means a Term Loan or a Revolving Facility.

Winding-up means, in respect of a Person, the winding-up, amalgamation, reconstruction, administration, examination, dissolution (*ontbinding*), liquidation (*vereffening*), merger or consolidation, of that Person, and any equivalent or analogous procedure under the law of any jurisdiction.

1.2. Construction

(a) References in this Deed to Clauses, Recitals and Schedules are, unless the context requires otherwise, references respectively to Clauses of, and recitals, annexes and Schedules to, this Deed.

(b) In this Deed unless the contrary intention appears, a reference to **indebtedness** includes any obligation (in each case whether present or future, whether incurred as principal, surety or as guarantor or whether incurred alone or jointly, or jointly and severally, with any other Person, whether actual or contingent, whether or not matured or whether or not liquidated) for the payment or repayment of money together, in each case, with all Additional Amounts.

1.3. Headings

Headings shall be ignored in construing this Deed.

1.4. Successors

References in this Deed to the Parties include their permitted successors, assigns, transferees and replacements.

1.5. References to Documents

Except as otherwise specified in this Deed (including in Clause 1.6 (Definitions by Reference to Other Documents)) or to the extent that the context requires otherwise, any reference in this Deed to this Deed or any other agreement or document is a reference to this Deed or, as the case may be, the relevant agreement or document as from time to time amended, supplemented, novated, restated or replaced.

1.6. Definitions by Reference to Other Documents

All definitions in this Deed made by reference to the Senior Facilities Agreement shall survive the expiry of the Senior Facilities Agreement.

1.7. Contracts (Rights of Third Parties) Act 1999

(a) Unless provided to the contrary in a Finance Document, a person who is not a party to this Deed may not enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

(b) Notwithstanding any term of any Finance Document, the consent of any third party shall not be required in relation to any assignment, variation or waiver of any provision of any Finance Document.

2. RANKING

(a) The principal purpose of this Deed is that (subject only as expressly provided to the contrary in this Deed) the Debt should rank in the following order:

First: The Bank Debt and the Hedging Liabilities *pari passu* and without any preference between themselves (except as this Deed provides otherwise);

Second: The Subordinated Debt; and

Third: The Intercompany Debt.

(b) The ranking in paragraph (a) above applies regardless of:

(i) the order of registration, notice or execution of any Security or other document;

(ii) when any Debt is incurred;

(iii) whether or when a Creditor is obliged to advance any Debt;

(iv) any fluctuation in the outstanding amount of, or any intermediate discharge of, any Debt; or

(v) the creation in favour of the Senior Creditors of any additional security over the undertaking, properties or assets of the Obligors or Holdco (or any of them).

3. UNDERTAKINGS OF THE OBLIGORS AND SUBORDINATED DEBTORS

Each Obligor and Subordinated Debtor undertakes to each of the Finance Parties that until the Senior Discharge Date unless otherwise agreed or required in writing by the Majority Senior Creditors, or, to the extent permitted by Clause 4.3(a)(i) (Undertakings of Hedging Banks), Clause 5 (Permitted Payments), Clause 7.2 (Filing of Claims (Subordinated Debt)), Clause 7.3 (Filing of Claims (Intercompany Debt)) or Clause 10 (Enforcement Action and Security ranking), it will not, and will procure that none of its Subsidiaries will:

(a) pay, prepay or repay, or make any payment or distribution in respect of, or on account of, or purchase or acquire, any of the Subordinated Debt or the Intercompany Debt in cash or in kind;

(b) discharge any of the Subordinated Debt or the Intercompany Debt by set-off, any right of combination of accounts or otherwise;

(c) create or permit to subsist any Security Interest over any of its assets for any of the Subordinated Debt or the Intercompany Debt;

(d) give any financial support (whether by guarantee, comfort letter, indemnity or other assurance against loss, the taking of any participation or the making of any deposit or payment) to any person in respect of any of the Subordinated Debt or Intercompany Debt

(e) take or omit to take any action whereby the ranking and/or subordination of the Subordinated Debt or the Intercompany Debt contemplated by this Deed may be impaired; or

(f) amend, vary, supplement or waive any term or condition of any of the Hedging Documents, the Subordinated Debt Documents or Intercompany Debt Documents other than as permitted by the terms of this Deed.

4. UNDERTAKINGS OF PARTIES

4.1. Hedging Banks

(a) A bank providing Hedging Facilities will only be entitled to share in any of the security constituted by the Security Documents in respect of Hedging Liabilities if it is party to this Deed as a Hedging Bank.

(b) A person may become a Hedging Bank if:

(i) the Hedging Documents to which it is party comply with the terms of this Deed; and

(ii) that person is bound by this Deed as a Hedging Bank by executing and delivering to the Facility Agent a Deed of Accession together with copies of the proposed Hedging Documents in relation to such new Hedging Bank.

(c) On delivery of the documents referred to in subparagraph (ii) above to the Facility Agent a Hedging Bank will acquire all the rights and assume all the obligations of a Hedging Bank under this Deed.

4.2. Accession of Subordinated Creditors

(a) If there is no Subordinated Creditor specified in Part 2 of Schedule 1, then the provisions of this Deed relating to Subordinated Creditors will not come into effect until a Restricted Person which is to provide Subordinated Debt to a Subordinated Debtor, and that Subordinated Debtor, each executes and delivers to the Facility Agent a Deed of Accession substantially in the form of Schedule 2, undertaking to be bound by all the provisions of this Deed, together with copies of the proposed Subordinated Debt Documents in relation to such Subordinated Debt.

(b) On delivery of a Deed of Accession to the Facility Agent each of a Subordinated Creditor and Subordinated Debtor (as applicable) will acquire all its rights (if any) and assume all its obligations under this Deed.

4.3. Undertakings of Hedging Banks

Until the Senior Discharge Date, except as the Majority Senior Creditors have previously consented in writing, no Hedging Bank will:

(a) demand (other than as may be necessary in order to exercise any right to terminate or close out any hedging transaction as provided in and permitted under paragraph (b) below) or receive payment, prepayment or repayment of, or any distribution in respect of, or on account of, any of the Hedging Liabilities in cash or in kind, or apply any money or property in or towards the discharge of any Hedging Liabilities except:

(i) for scheduled payments arising under the original terms of the Hedging Documents (without regard to any amendments made after the date of those Hedging Documents other than those permitted by the terms of this Deed); and/or

(ii) for the proceeds of enforcement of the Security Documents received and applied in the order permitted by Clause 10.3 (Proceeds of Enforcement); or

(b) exercise any right to terminate or close out any hedging transaction under the Hedging Documents prior to its stated maturity (whether by reason of any Obligor becoming a Defaulting Party or Affected Party under, and as defined in the relevant Hedging Document or otherwise) unless:

(i) an Obligor has defaulted on a payment due under the Hedging Documents after allowing for any required notice and any applicable days of grace and the relevant default continues for more than 60 days after notice of the default has been given to the Facility Agent; or

(ii) an Illegality or Tax Event (each as defined in the 2002 ISDA Master Agreement) has occurred in respect of any Hedging Facility;

(iii) the Facility Agent has declared all or part of the Bank Debt due and payable and/or payable on demand and/or cancelled the Total Commitments (under and as defined in the Senior Facilities Agreement) in full or part under Clause 20.19 (Acceleration) of the Senior Facilities Agreement, provided that in the case of a partial acceleration or cancellation, the relevant Hedging Bank may only terminate or close out the relevant hedging transactions in the same proportion as the proportion of Bank Debt that has been partially accelerated or cancelled,

and further provided that (notwithstanding the parenthetical in paragraph (a) above), in the event that a hedging transaction is terminated or closed out pursuant to paragraph 4.3(b)(i) above, no Hedging Liabilities will be demanded or payable unless the Facility Agent has declared all of the Bank Debt due and payable and/or payable on demand and/or cancelled the Total Commitments (under and as defined in the Senior Facilities Agreement) in full under Clause 20.19 (Acceleration) of the Senior Facilities Agreement; or

(c) discharge all or any part of the Hedging Liabilities by set-off, any right of combination of accounts or otherwise except if and to the extent that those Hedging Liabilities are permitted to be paid under paragraph (a) above; or

(d) permit to subsist or receive any Security Interest or any financial support (including without limitation, the giving of any guarantee, indemnity or other assurance against loss, or the making of any deposit or payment) for, or in respect of, any of the Hedging Liabilities other than under the Security Documents.

4.4. Two Way Payments

The Obligors and each Hedging Bank agree that:

(a) any Hedging Document to which they are party governing the terms of a hedging transaction will provide for "full two way payments" or payments under the "Second Method" in the event of a termination of that hedging transaction entered into under that Hedging Document whether upon a Termination Event or an Event of Default (each such term as defined in that Hedging Document), or any other method the substantive effect of which is that the Defaulting Party or Affected Party under (and as defined in) that Hedging Document will be entitled to receive payment under the relevant termination provisions if the net replacement value of all terminated transactions effected under that Hedging Document is in its favour;

(b) if, on termination of any hedging transaction under a Hedging Document, a settlement amount or other amount falls due from that Hedging Bank to the Obligors then, if the security constituted by the Security Documents has become enforceable, that amount shall be paid by the relevant Hedging Bank to the Security Agent and treated as proceeds of enforcement of the security conferred by the Security Documents for application in the order prescribed in this Deed; and

(c) unless it has already exercised such rights in accordance with Clause 4.4(b) above, each Hedging Bank will exercise any rights it may have to terminate the hedging transactions under the Hedging Documents after the Facility Agent has declared all of the Bank Debt immediately due and payable and/or payable on demand and/or has cancelled the Total Commitments in full under (and as defined in) the Senior Facilities Agreement), unless the Majority Senior Creditors otherwise agree or require.

4.5. Hedging Documents

Each Hedging Bank will provide to the Facility Agent copies of all documents constituting the Hedging Documents as soon as reasonably practicable.

4.6. ISDA Form

The provisions of this Deed relating to hedging transactions assume that all Hedging Documents will be based on 2002 ISDA Master Agreements. If this proves not to be the case, such amendments will be made to those provisions as are necessary, in the light of the actual provisions of the Hedging Documents, to ensure that this Deed has the same effect in relation to hedging transactions as it would have had if the assumption above had been correct.

4.7. Undertakings of the Subordinated Creditors

Until the Senior Discharge Date, except as the Majority Senior Creditors have previously consented in writing, no Subordinated Creditor will, with respect to any member of the Group and save as required by any mandatory provision of any applicable law or as and to the extent expressly permitted by Clause 5 (Permitted Payments), or Clause 10 (Enforcement Action and Security ranking):

(a) demand or receive payment, prepayment or repayment of or any distribution in respect of (or on account of), any of the Subordinated Debt in cash or in kind or apply any money or property in or towards the discharge of any Subordinated Debt;

(b) discharge or seek to discharge all or any part of the Subordinated Debt by set-off, any right of combination of accounts or otherwise (save to the extent such set-off occurs automatically by operation of law and not as a result of any action or election by such Subordinated Creditor or member of the Group);

(c) permit to subsist or receive any Security Interest or any financial support (including, without limitation, any guarantee, indemnity, deposit or other assurance against loss) for, or in respect of, any of the Subordinated Debt save as permitted under the Finance Documents;

(d) demand payment under any indemnity or bring, make or prosecute any claim for breach of any representation or warranty or undertaking made or given by the Obligors or any other member of the Group to the Subordinated Creditors in connection with the Subordinated Debt Documents (where the relevant demand, exercise, prosecution or pursuit would give rise to a claim (whether liquidated or otherwise) for damages, payments, costs or losses) to the extent the relevant indemnity, claim, representation or warranty or undertaking relates to the Subordinated Debt;

(e) claim or rank as a creditor in the insolvency, Winding-up or bankruptcy of any member of the Group with respect to Subordinated Debt other than in accordance with the provisions of Clause 7.2 (Filing of Claims (Subordinated Debt));

(f) petition for (or vote in favour of a petition for) or initiate or support or take any steps with a view to any Winding-up, reorganisation, moratorium or analogous proceedings or any voluntary arrangement or assignment for the benefit of creditors or any similar proceedings involving any member of the Group, whether by petition convening a meeting, voting for a resolution or otherwise other than in accordance with Clause 7.2 (Filing of Claims (Subordinated Debt)); or

(g) knowingly or deliberately take or omit any action whereby the ranking and/or subordination arrangements provided for in this Deed may be impaired.

4.8. Undertakings of Intercompany Creditors

Until the Senior Discharge Date, except as the Majority Senior Creditors have previously consented in writing, and until the Subordinated Discharge Date, except as the Subordinated Creditors have previously consented in writing, no Intercompany Creditor will, save as required by any mandatory provision of any applicable law or as, and to the extent, permitted by Clause 5 (Permitted Payments):

(a) demand or receive payment, prepayment or repayment of or any distribution in respect of (or on account of), any of the Intercompany Debt in cash or in kind or apply any money or property in or towards the discharge of any Intercompany Debt save as contemplated by Clause 7.3 (Filing of Claims (Intercompany Debt));

(b) sell, transfer or otherwise dispose of any Intercompany Debt except pursuant to a Security Document;

(c) discharge or seek to discharge all or any part of the Intercompany Debt by set-off, any right of combination of accounts or otherwise except as contemplated by Clause 7.3 (Filing of Claims (Intercompany Debt)) (save to the extent such set-off occurs automatically by operation of law and not as a result of any action or election by such Intercompany Creditor or Obligor);

(d) except to the extent permitted under Clause 19.5 (Negative Pledge) of the Senior Facilities Agreement, permit to subsist or receive any Security Interest or any financial support (including, without limitation, any guarantee, indemnity, deposit or other assurance against loss) for, or in respect of, any of the Intercompany Debt;

(e) claim or rank as a creditor in the insolvency, Winding-up or bankruptcy of any member of the Group other than with respect to Intercompany Debt in accordance with the provisions of Clause 7.3 (Filing of Claims (Intercompany Debt)); or

(f) petition for (or vote in favour of a petition for) or initiate or support or take any steps with a view to any Winding-up, reorganisation, moratorium or analogous proceedings or any voluntary arrangement or assignment for the benefit of creditors or any similar proceedings involving any member of the Group, whether by petition convening a meeting, voting for a resolution or otherwise other than in accordance with Clause 7.3 (Filing of Claims (Intercompany Debt)); or

(g) knowingly or deliberately take or omit any action whereby the ranking and/or subordination arrangements provided for in this Deed may be impaired.

5. PERMITTED PAYMENTS

(a) Prior to the Senior Discharge Date but subject to Clause 6 (Turnover), any member of the Group may:

(i) make scheduled payments arising under the original terms of the Hedging Documents (without regard to any amendments made after the date of those Hedging Documents other than those permitted by the terms of this Deed); and

(ii) make (and the relevant person may receive) any payment, lawful distribution, lawful dividend, return on capital or other lawful distribution (in cash or in kind), loan or payment of interest or repayment of any loan by a member of the Group, if the payment is not prohibited by Clause 19.13 (Restricted Payments) of the Senior Facilities Agreement.

(b) After the Senior Discharge Date but prior to the Subordinated Discharge Date, any member of the Group may make any payments in respect of the Subordinated Debt in accordance with any restrictions in the Subordinated Debt Documents.

6. TURNOVER

If at any time prior to the Senior Discharge Date:

(i) any Hedging Bank receives or recovers a payment or distribution in cash or in kind of, or on account of, any of the Hedging Liabilities which is prohibited by Clause 4.3 (Undertakings of Hedging Banks); or

(ii) any Subordinated Creditor or Intercompany Creditor receives or recovers a payment or distribution in cash or in kind of, or on account of any Subordinated Debt or Intercompany Debt (as the case may be) which is not permitted by Clause 4.7 (Undertakings of the Subordinated Creditors) or Clause 4.8 (Undertakings of Intercompany Creditors); or

(iii) any Subordinated Debt or the Intercompany Debt is discharged by set-off, combination of accounts or otherwise (save to the extent permitted by Clause 4.7 (Undertakings of the Subordinated Creditors) or Clause 4.8 (Undertakings of Intercompany Creditors),

the relevant Hedging Bank, Subordinated Creditor or Intercompany Creditor (as the case may be) will hold the same as fiduciary agent in a segregated account of the Senior Creditors and (promptly following receipt) will pay and distribute to the Security Agent for application in the order provided in Clause 10.3 (Proceeds of Enforcement) the amount of such payment or distribution or the amount set-off or discharged.

7. SUBORDINATION ON INSOLVENCY

7.1. Subordination Events

(a) If a Bankruptcy Event occurs in relation to any Obligor, then (unless otherwise required by the Facility Agent prior to the Senior Discharge Date) the claims against the relevant Obligor in respect of the Subordinated Debt and Intercompany Debt will be subordinate in right of payment to the claims against the relevant Obligor in respect of the Senior Debt.

(b) If a Bankruptcy Event occurs in relation to any Obligor, then (unless otherwise required by a Subordinated Creditor prior to the Subordinated Discharge Date) the claims against the relevant Obligor in respect of the Intercompany Debt will be subordinate in right of payment to the claims against the relevant Obligor in respect of the Subordinated Debt.

7.2. Filing of Claims (Subordinated Debt)

Notwithstanding any other provision in this Deed, but subject to Clause 6 (Turnover) and Clause 7.4 (Distributions), on the occurrence of a Concursus in respect of any Obligor or Subordinated Debtor prior to the Senior Discharge Date, the Subordinated Creditors may (but are not required to) (a) claim and prove for the Subordinated Debt; and (b) file claims and proofs and give receipts to the extent the Subordinated Creditors consider reasonably necessary or desirable to recover the Subordinated Debt.

7.3. Filing of Claims (Intercompany Debt)

If any of the circumstances mentioned in Clause 7.1 (Subordination Events) occur, until the Senior Discharge Date, the Security Agent may and is irrevocably authorised on behalf of the Intercompany Creditors to:

(a) demand, claim, enforce and prove for the Intercompany Debt;

(b) file claims and proofs, give receipts and take all such proceedings and do all such things as the Security Agent considers reasonably necessary or desirable to recover the Intercompany Debt; and

(c) receive all distributions on or on account of the Intercompany Debt for application in accordance with Clause 10.3 (Proceeds of Enforcement).

For the purpose of this Clause 7.3, the Intercompany Creditors irrevocably appoint the Security Agent as their attorney (with full power of substitution) on their behalf and in their name or otherwise, at such time and in such manner as the attorney thinks fit.

If the Security Agent is not, for any reason, entitled to do any of the things referred to in paragraphs (a) to (c) (inclusive) above, each Intercompany Creditor (as the case may be) will do so promptly at the request of the Security Agent from time to time after the occurrence of any of the circumstances mentioned in Clause 7.1 (Subordination Events).

7.4. Distributions

In any of the circumstances mentioned in Clause 7.1 (Subordination Events):

(a) each Subordinated Creditor and each Intercompany Creditor will, upon demand by the Security Agent before the Senior Discharge Date, pay an amount equal to the amount of all payments and distributions in cash or in kind received from any Obligor or Subordinated Debtor or its assets or estate or any liquidator, Receiver, administrator, trustee in bankruptcy, *voorlopig bewindvoerder/administrateur provisoire, sekwester/séquestre* or similar official by, or by any agent for, the relevant Subordinated Creditor or Intercompany Creditor in respect of the Subordinated Debt or Intercompany Debt to the Security Agent for application in accordance with Clause 10.3 (Proceeds of Enforcement) and pending such application the Security Agent will hold such distribution for its own account, as joint and several creditor in respect of all obligations owed by all Obligors to the Finance Parties under the Finance Documents;

(b) the trustee in bankruptcy, liquidator, Receiver, assignee, *voorlopig bewindvoerder/administrateur provisoire, sekwester/séquestre* or other person distributing the assets of any Obligor or Subordinated Debtor concerned or their proceeds shall be directed to pay distributions on the Subordinated Debt or the Intercompany Debt directly to the Security Agent until the Senior Discharge Date; and

(c) the Subordinated Creditors and the Intercompany Creditors will give all such notices and do all such things as the Security Agent may reasonably request to give effect to this Clause 7.4.

8. RESTRICTED AMENDMENTS

8.1. Changes to Hedging Documents

Except as the Majority Senior Creditors have previously consented in writing, neither any Obligor nor a Hedging Bank will amend, vary, supplement or allow to be superseded any provision of the Hedging Documents (or give any waiver, release or consent having the same commercial effect) to an extent that would result in:

(a) any provision in the Hedging Documents being amended unless the Hedging Bank concerned acting reasonably and in good faith certifies in writing that it considers the relevant amendment does not impose restrictions or obligations or conditions on the relevant Obligor(s) which are more onerous than those originally provided for in the Hedging Documents; or

(b) any payment under the Hedging Documents being required to be made by the relevant Obligor(s) earlier than the date originally provided for in the Hedging Documents, save as results from procedural or administrative changes arising in the ordinary course of the administration of the Hedging Documents which do not materially alter the due date; or

(c) any Obligor becoming liable to make an additional payment (or increase an existing payment) under any of the Hedging Documents save as results from procedural or administrative changes arising in the ordinary course of the administration of the relevant Hedging Document which are not material (but this paragraph (c) does not restrict or affect in any way the right of any Hedging Bank to charge or levy normal banking charges, fees (excluding refinancing or rescheduling fees), commissions, costs and expenses in relation to any further services or facilities made available to the Obligors as part of day to day banking arrangements which do not constitute Hedging Liabilities and are not made available in breach of the Finance Documents).

8.2. Changes to Subordinated Debt Documents

Until the Senior Discharge Date, except as the Majority Senior Creditors have previously consented in writing (and such consent of the Majority Senior Creditors shall not be withheld or delayed if the Subordinated Creditors can demonstrate (with none of the Senior Creditors being required to disclose any information regarding its internal decision making process or any of its business or operations) that it would be unreasonable for the Senior Creditors to withhold or delay their consent), neither any Subordinated Debtor nor any Subordinated Creditor will amend, vary, supplement or allow to be superseded any provision of the Subordinated Debt Documents relating to the Subordinated Debt (or give any waiver, release or consent having the same commercial effect) to an extent that would result in:

(a) the interests of any of the Senior Creditors under the Senior Finance Documents, or the ranking and/or subordination arrangements provided for in this Deed being reasonably likely to be adversely affected (as to which a certificate of a Senior Creditor acting reasonably and in good faith shall be conclusive);

(b) imposing any material additional obligation on any Subordinated Debtor; or

(c) any Subordinated Debtor becoming liable to make any additional payment (or increase an existing payment), which liability does not arise from the original terms of the Subordinated Debt Documents, or for any payment by any Subordinated Debtor to be made earlier, more frequently or in a different currency than originally provided for in the Subordinated Debt Documents.

8.3. Changes to Intercompany Debt Documents

Until the Senior Discharge Date, except as the Majority Senior Creditors and, in respect of any provisions affecting the Subordinated Creditors' rights as against the Obligors, the Majority Subordinated Creditors, have previously consented in writing (such consent not to be unreasonably withheld or delayed) and after the Senior Discharge Date but prior to the Subordinated Discharge Date, except as the Majority Subordinated Creditors have previously consented in writing, neither any Obligor nor any Intercompany Creditor will amend, vary, supplement or allow to be superseded any provision of the Intercompany Debt Documents (or give any waiver, release or consent having the same commercial effect) to an extent that would result in:

(a) the interests of any of the Senior Creditors under the Senior Finance Documents or the interests of any of the Subordinated Creditors under the Subordinated Debt Documents in respect of the Subordinated Debt or the ranking and/or subordination arrangements provided for in this Deed being reasonably likely to be adversely affected (as to which a certificate of a Senior Creditor acting reasonably and in good faith shall be conclusive);

(b) imposing any material additional obligation on any Obligor; or

(c) any Obligor becoming liable to make any additional payment (or increase an existing payment), which liability does not arise from the original terms of the Intercompany Debt Documents, or for any payment by any Obligor to be made earlier, more frequently or in a different currency than originally provided for in the Intercompany Debt Documents.

8.4. Whole Agreement

(a) The Obligors and the Intercompany Creditors each warrant to the other Parties that the Intercompany Debt Documents contain the whole agreement regarding the Intercompany Debt and that there are no other agreements or provisions (whether oral or in writing) amending or supplementing the Intercompany Debt.

(b) The Subordinated Debtors and the Subordinated Creditors each warrant to the other Parties that the Subordinated Debt Documents contain the whole agreement regarding the Subordinated Debt and that there are no other agreements or provisions (whether oral or in writing) amending or supplementing the Subordinated Debt.

9. INFORMATION

Each of the Facility Agent and the Hedging Banks will on written request by any of the others from time to time notify the others in writing of details of the amount of the outstanding Bank Debt or Hedging Liabilities, as the case may be, so far as known to it.

10. ENFORCEMENT ACTION AND SECURITY RANKING

10.1. No Action by Senior Creditors

No Senior Creditor may, without the prior written consent of the Majority Lenders:

(a) enforce any Security Interest created, or which may at any time be created, by or pursuant to any of the Security Documents or require the Security Agent to enforce the same;

(b) sue for or institute any creditor's process (including a Mareva injunction, *executory seizure (saisie exécution/uitvoerend beslag), conservatory seizure (saisie conservatoire/bewarend beslag)*(garnishment, *sekwestration*, execution or levy, whether before or after judgment) in respect of any Bank Debt or Hedging Liabilities;

(c) take any step (including petition, application, notice of meeting or proposal to credits) for the Winding-up or any insolvency proceeding or creditors' process in relation to any Obligor or for a voluntary arrangement or scheme of arrangement in relation to any Obligor; or

(d) apply for any order for an injunction or specific performance in respect of any Obligor or Holdco in relation to any of the Senior Finance Documents.

10.2. Ranking of Security

(a) All existing and future security conferred by the Security Documents on the Senior Creditors will to the extent that it secures Senior Debt, but subject to Clauses 10.3 (Proceeds of Enforcement) and 14.3 (Limits on Hedging Liabilities) secure all the Senior Debt, *pari passu* between the Senior Creditors according to the respective amounts of Senior Debt regardless of any fluctuations in the amount outstanding of Senior Debt or any intermediate discharge in whole or part or the date upon which the Senior Debt arises and regardless of whether a Senior Creditor is obliged to advance monies included in Senior Debt.

(b) The Subordinated Debt and the Intercompany Debt is and will remain unsecured.

10.3. Proceeds of Enforcement

Subject to the rights of any preferential creditor(s):

(a) the net proceeds of enforcement of any of the Security Interests constituted by the Security Documents shall be applied, by the Security Agent or by such other party as may recover those proceeds; and

(b) any other amounts which have been turned over pursuant to Clause 6 (Turnover) to be applied pursuant to this Clause 10.3 shall be applied by the person to whom those proceeds have been turned over to,

in the following order:

(i) **first**, in payment of all costs, charges, expenses, losses and liabilities (and all interest thereon as provided in the Security Documents) incurred by or on behalf of the Security Agent or by such other party as the case may be in enforcing the Security Documents and any Receiver, attorney or agent, in each case, in connection with carrying out, or purporting to carry out, its duties or exercising its powers and discretions under the Security Documents and the remuneration of every Receiver under the Security Documents;

(ii) **secondly**:

(A) in payment to the Facility Agent for application towards the Bank Debt; and

(B) in payment to the Hedging Banks for application towards the Hedging Liabilities (other than Hedging Liabilities in excess of the limits set out in Clause 14.3) (Limits on Hedging Liabilities);

in each case *pro rata* in the proportion which the Bank Debt and the Hedging Liabilities respectively bear to the Aggregate Exposure;

(iii) **thirdly**, to the extent that there is any Bank Debt or Hedging Liabilities undischarged after the pro rata application described in paragraph (ii):

(A) in payment to the Facility Agent for application towards the balance of the Bank Debt; and/or

(B) in payment to the Hedging Banks for application towards the Hedging Liabilities;

in each case on a pro rata basis; and

(iv) **fourthly**, in payment of the surplus (if any) to the Obligors or other Persons entitled thereto.

10.4. Good Discharge

An acknowledgement of receipt signed by the relevant person to whom payments are to be made under Clause 10.3 (Proceeds of Enforcement) shall be a good discharge of the Security Agent.

11. ENFORCEMENT OF SECURITY

11.1. Security Agent as joint creditor

(a) Each of the Obligors and each of the Finance Parties agree that the Security Agent shall be the joint and several creditor of each and every obligation of any Obligor towards each of the Finance Parties under each Finance Document, and that accordingly the Security Agent will have its own independent right to demand performance by the relevant Obligor of those obligations. However, any discharge of such obligation to either the Security Agent or a Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other.

(b) Without limiting or affecting the Security Agent's rights against any Obligor (whether under this paragraph or under any other provision of the Finance Documents), the Security Agent agrees with each other Finance Party (on a several and divided basis) that, subject as set out in the next sentence, it will not exercise its rights as a joint and several creditor with a Finance Party except after consultation with the relevant Finance Party. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Security Agent's right to act in the protection or preservation of rights under or to enforce any Security Document as contemplated by the Finance Documents (or to do any act reasonably incidental to any of the foregoing).

(c) Each of the Finance Parties hereby appoints the Security Agent as its representative in the sense of Article 5 of the Belgian Financial Collateral Act of 15 December 2004 (*Wet van 15 december 2004 betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijkezekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten*) for the purpose of creating each Share Pledge.

11.2. Enforcement Instructions

(a) Subject to the terms of this Deed and such security having become enforceable in accordance with the terms of the Security Documents, the Majority Senior Creditors may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the security conferred by the Security Documents as they see fit.

(b) If so instructed by the Majority Senior Creditors the Security Agent shall enforce the security conferred by the Security Documents (or any of them) in the name and on behalf of the Senior Creditors.

11.3. Competing Instructions to Security Agent

Unless otherwise provided for in this Deed, any instructions which are given to the Security Agent by the Majority Senior Creditors will, prior to the Senior Discharge Date, override any conflicting instructions given by or on behalf of any other Creditor and the Security Agent will be fully protected in complying with such instructions of the Majority Senior Creditors.

11.4. Manner of Enforcement—Instructions of Majority Senior Creditors

(a) Subject to the terms of this Deed and paragraph (b) below, the Security Agent shall enforce or refrain from enforcing the security conferred by the Security Documents in such manner as the Majority Senior Creditors shall instruct or, in the absence of such instructions, as it sees fit and, subject as required by applicable law, solely having regard to the interests of the Lenders and the Hedging Banks.

(b) No Senior Creditor shall be responsible to any Hedging Bank, any Subordinated Creditor, any Intercompany Creditor, any Subordinated Debtor or the Obligors for the timing or manner of enforcement or any failure to enforce or (except in the case of the Security Agent to the extent required by applicable law and the terms of this Deed) to maximise the proceeds of any enforcement.

11.5. Sales by Security Agent

If:

(i) on an enforcement of any of the Security Documents, the Security Agent (acting on the instructions or with the consent of the Majority Senior Creditors prior to the Senior Discharge Date) sells or otherwise disposes of any asset; or

(ii) any Obligor sells or otherwise disposes of an asset either when permitted to do so under the Senior Facilities Agreement or at the request of or with the consent of the Majority Senior Creditors after an Event of Default under the Senior Facilities Agreement,

the Security Agent is authorised by each of the Senior Creditors and each Obligor, to execute in the name and on behalf of itself and each such Senior Creditor, without the need for any further referral to or authority from such Senior Creditor, as the case may be:

(A) any release of the security created by the Security Documents over that asset; and/or

(B) if such asset comprises all of the shares in the capital of an Obligor, a release of such Obligor from all present and future liabilities (both actual and contingent) under the Senior Finance Documents and to release any Security Interests granted by the Obligors over any of their assets pursuant to any of the Security Documents.

PROVIDED THAT in each such case the proceeds are to be applied in the manner provided for in this Deed.

11.6. Appointment

(a) Each Senior Creditor appoints the Security Agent and the Facility Agent as their agent in accordance with terms of the Senior Facilities Agreement.

11.7. Existing Security

(a) Each Security Provider confirms that it has been duly informed of the terms of the Senior Facilities Agreement (as amended and restated pursuant to the Supplemental Agreement (as defined in the Senior Facilities Agreement)) and the transactions contemplated therein.

(b) Each Obligor and each Security Provider, with effect from the date of this Deed, confirm that each Existing Security created by it under any Existing Security Document will:

(i) continue in full force and effect;

(ii) secure the liabilities and obligations of the Obligors to the Security Agent under clause 2.9 (Security Agent as joint creditor) of the Senior Facilities Agreement and Clause 11.1 (Security Agent as joint creditor) of this Deed.

12. LOSS SHARING

12.1. Equalisation Payments

If any Senior Creditor (the **Recovering Creditor**) makes a Recovery other than by reason of a receipt by the Security Agent falling to be dealt with under Clause 10.3 (Proceeds of Enforcement), then:

(a) such Recovering Creditor will notify details of such Recovery to the Security Agent within three Business Days of receipt;

(b) the Security Agent will determine in good faith whether such Recovery is in excess (the amount of such excess being the **excess amount**) of the amount which such Recovering Creditor would have received had such Recovery been received by the Security Agent and applied as provided in Clause 10.3 (Proceeds of Enforcement), and shall notify such Recovering Creditor accordingly;

(c) such Recovering Creditor will pay to the Security Agent an amount equal to the excess amount;

(d) the Security Agent shall treat such amount as if it were a Recovery by it from the Obligors pursuant to the Security Documents and shall deal with it in accordance with Clause 10.3 (Proceeds of Enforcement) save that, the Recovering Creditor shall be treated as having already received its share of the Recovery; and

(e) at the option of the Recovering Creditor (i) the liability of the Obligors to such Recovering Creditor shall be increased (or treated as not having been reduced) by the excess amount, or (ii) the Obligors shall fully indemnify such Recovering Creditor for the amount thereof.

12.2. Loss Sharing

If for any reason any of the Senior Debt remains undischarged and any resulting losses are not being borne by the Senior Creditors *pro rata* to the amount which their respective shares of the Aggregate Exposure bore to the Aggregate Exposure on the Enforcement Date, the Senior Creditors shall make such payments between themselves as the Facility Agent shall direct to ensure that after taking into account such payments such losses are borne by the Senior Creditors *pro rata* to the amount which their respective shares of the Aggregate Exposure bore to the Aggregate Exposure on the Enforcement Date (calculated as set out above).

13. VOTING

In any of the circumstances mentioned in Clause 7.1 (Subordination Events):

(a) the Facility Agent acting on the instructions of the Majority Senior Creditors (before the Senior Discharge Date) may (and is irrevocably authorised to) exercise all powers of convening meetings, voting and representation in respect of the Subordinated Debt and the Intercompany Debt and each of the Subordinated Creditors and the Intercompany Creditors will provide all forms of proxy and of representation requested by the Facility Agent for that purpose except, in the case of the Subordinated Creditors, to the extent that such powers of convening meetings, voting or representation arise in respect of, or in connection with Concursus; and

(b) if the Facility Agent is not entitled to or does not wish itself to exercise a power conferred to it by the above subparagraph (a), each of the Subordinated Creditors and the Intercompany Creditors will exercise such power as the Facility Agent, acting in accordance with the instructions of the Majority Senior Creditors directs.

Nothing in this Clause 13 entitles the Facility Agent to exercise or require the Subordinated Creditors or the Intercompany Creditors to exercise such power of voting or representation to waive or amend any of the provisions of the Subordinated Debt Documents or Intercompany Debt Documents or otherwise to waive, reduce, discharge, extend the due date for payment of or reschedule any of the Subordinated Debt or the Intercompany Debt.

Subject and without prejudice to Clause 7.4 (Distributions), upon the occurrence of Concursus in respect of an Obligor prior to the Senior Discharge Date, the Subordinated Creditors, may (but are not required to) exercise all powers of voting and representation in respect of the Subordinated Debt, as applicable.

14. CONSENTS AND LIMITS

14.1. Waivers and instructions

(a) Any waiver, consent or agreement by or required under this Deed must be in writing. Unless otherwise specified in this Deed, in giving (or refraining from giving) any waiver, consent, instructions or agreement under this Deed, the Facility Agent or the Security Agent (as the case may be) will act on the instructions of the Majority Senior Creditors.

(b) Any waiver or consent granted by the Majority Lenders or the Majority Senior Creditors under any Finance Document will be deemed to have been given by the Subordinated Creditors in respect of the Subordinated Debt or the Intercompany Creditors (on the same terms and conditions, *mutatis mutandis*) if the transaction or circumstance to which that waiver or consent relates would, in the absence of such waiver or consent by the Subordinated Creditors or the Intercompany Creditors, constitute a breach of the Subordinated Debt Documents (in respect of the Subordinated Debt) or the Intercompany Debt Documents.

14.2. Non-Objection

No Party shall have any claim or remedy against any of the Senior Creditors by reason of any agreement or transaction entered into between any of the Senior Creditors and any member of the Group which violates or is or causes an Event of Default or Default (however described) under or a default under any of the provisions of the Subordinated Debt Documents relating to the Subordinated Debt PROVIDED THAT such agreement or transaction is not in breach of the terms of this Deed.

14.3. Limits on Hedging Liabilities

Except for the transactions under the Hedging Documents which are permitted under Clause 19.12 (Treasury Transactions) of the Senior Facilities Agreement, any further commitment or contract under which any Obligor incurs any indebtedness in respect of interest rate swaps, currency swaps, caps, collars, floors or similar transactions entered into by reference to interest rates or currency exchange rates or any guarantee, indemnity or other form of assurance against loss in respect of any such indebtedness, whether owed to the Hedging Banks or any other person will not qualify as Hedging Liabilities.

15. SUBROGATION

Unless otherwise agreed by the Facility Agent and (prior to the Senior Discharge Date) the Subordinated Creditors or the Intercompany Creditors will not under any circumstances be subrogated to any of the rights of the Finance Parties until after the Senior Discharge Date has occurred.

16. PROTECTION OF SUBORDINATION

16.1. Continuing Subordination

The subordination provisions in this Deed constitute a continuing subordination and benefit to the ultimate balance of the Bank Debt and the Hedging Liabilities respectively regardless of any intermediate payment or discharge of the Bank Debt and the Hedging Liabilities in whole or in part.

16.2. Waiver of Defences

Save as otherwise agreed by the Finance Parties, the subordination in this Deed and the obligations of each of Subordinated Creditors, the Intercompany Creditors and the Obligors under this Deed will not be affected by any act, omission, matter or thing which, but for this provision, would reduce, release or prejudice the subordination or any of those obligations in whole or in part, including without limitation:

(a) any time, indulgence or waiver granted to, or composition with, any Obligor or any other person or the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights or remedies against, or security over assets of, any Obligor or other person under the Finance Documents, the Hedging Documents, (the Relevant Documents) or any non-presentment or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any security;

(c) any variation (however fundamental) or replacement of any Relevant Document or other document;

(d) any unenforceability, illegality, invalidity or frustration of any obligation of an Obligor or security under any Relevant Document or any other document or security; or

(e) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any Obligor under any Relevant Document resulting from any insolvency, liquidation (*vereffening*), or dissolution (*ontbinding*) proceedings or from any law, regulation or order.

16.3. Appropriations

Until the Senior Discharge Date, each Senior Creditor (or any trustee or agent on their behalf) may (subject to any provision of the Finance Documents, Hedging Documents or this Deed, as appropriate):

(i) apply any monies or property received under this Deed or from an Obligor or from any other person against the Senior Debt, in such order as it sees fit;

(ii) (if it so decides) apply any monies or property received from an Obligor or from any other person (other than money or property received under the relevant Finance Documents or under this Deed) against any liability other than the Senior Debt owed to it; and

(iii) (unless and until such monies or distributions in the aggregate are sufficient to bring about the Senior Discharge Date if otherwise applied in accordance with the provisions of this Deed) hold in an interest bearing suspense account any monies or distributions received from any Subordinated Creditor or Intercompany Creditor on account of the liability of any Subordinated Creditor or Intercompany Creditor (as appropriate) under this Deed.

16.4. Immediate Recourse

Each of the Subordinated Creditors and the Intercompany Creditors waives any right it may have of first requiring any Senior Creditor (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming the benefit of this Deed.

17. PRESERVATION OF DEBT

Notwithstanding any terms of this Deed postponing, subordinating or preventing payment of any Subordinated Debt or Intercompany Debt, such Subordinated Debt and Intercompany Debt shall remain owing or payable in accordance with the terms of the Subordinated Debt Documents or the Intercompany Debt Documents as applicable and interest and default interest as applicable will accrue accordingly. No delay in exercising rights and remedies under any of the Subordinated Debt Documents and Intercompany Debt Documents by reason of any term of this Deed postponing, restricting or preventing such exercise shall operate as a permanent waiver of those rights and remedies.

18. EXPENSES

Each Obligor shall promptly on demand pay to each Senior Creditor the amount of all costs and expenses (including, without limitation, legal fees and any related value added or similar tax) incurred by it in connection with the enforcement against any other Party of such Senior Creditor's rights against it under this Deed.

19. PERPETUITY PERIOD

The perpetuity period for any trust created by this Deed is 80 years.

20. TRANSFERS

20.1. Benefit and Burden of this Deed

This Deed shall benefit and bind the Parties, any new Party in respect of which a Deed of Accession becomes effective in accordance with this Clause 20, their permitted assignees and their respective successors.

20.2. Obligors, Subordinated Debtors and new Intercompany Creditors and Debtors

(a) No Obligor or Subordinated Debtor may assign or transfer all or part of its rights or obligations under this Deed without the prior written consent of the Facility Agent acting on the instructions of the Majority Senior Creditors.

(b) If any member of the Group (a **New Obligor**) borrows, guarantees or otherwise becomes liable for any Bank Debt the Obligors will procure that (unless such New Obligor has become party hereto by some other means to the satisfaction of the Facility Agent) such New Obligor becomes party to this Deed as an Obligor by the execution and delivery to the Facility Agent of a duly completed Deed of Accession.

(c) If any member of the Group (a **New Subordinated Debtor**) borrows, guarantees or otherwise becomes liable for any Subordinated Debt, the Obligors will procure that (unless such New Subordinated Debtor has become party hereto by some other means to the satisfaction of the Facility Agent) such New Subordinated Debtor becomes party to this Deed as a Subordinated Debtor by the execution and delivery to the Facility Agent of a duly completed Deed of Accession.

(d) The Obligors must ensure that each member of the Group which is not already an Intercompany Creditor or an Intercompany Debtor but which is the creditor or debtor in respect of any indebtedness owed by an Obligor to another member of the Group is bound by this Agreement as an Intercompany Creditor or an Intercompany Debtor, as appropriate, by executing and delivering to the Security Agent a Deed of Accession.

20.3. Transfers by Finance Parties

Any Finance Party may (subject, where an Obligor has acquired the rights of a Finance Party, to Clause 20.2 (Obligors, Subordinated Debtors and new Intercompany Creditors and Debtors)), transfer all or any part of its rights, benefits and obligations under this Deed to any Person (a **Transferee**) by delivery to the Facility Agent of a Transfer Certificate in the manner and as otherwise provided in Clause 27 (Changes to the Parties) of the Senior Facilities Agreement (or, in the case of a Hedging Bank, by delivery of the relevant transfer document and, in the case of a new Hedging Bank, a Deed of Accession together with copies of the proposed Hedging Documents in relation to such new Hedging Bank) in which event, on and as from the transfer date specified in the Transfer Certificate or Deed of Accession, the following provisions shall apply in relation to the rights and obligations of the parties to this Deed:

(a) to the extent that in such Transfer Certificate the Finance Party seeks to transfer its rights and obligations under the Senior Facilities Agreement such Finance Party shall be released from further obligations towards the other parties to this Deed and such Finance Party's rights against the other parties to this Deed shall be cancelled (such rights and obligations being referred to in this Clause 20 as "discharged rights and obligations"); and

(b) the Transferee and the other parties to this Deed shall to such extent assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only in so far as they are exercisable by or against the Transferee in place of the transferor party to such Transfer Certificate or other transfer document.

20.4. Appointment as Agent

Each of the other Parties appoints the Facility Agent as its agent to sign on its behalf any Transfer Certificate entered into under the Senior Facilities Agreement and in order that such Transfer Certificates may be supplemental to this Deed and be binding on and ensure for the benefit of all the Parties.

20.5. References to Finance Parties following a transfer

If any Finance Party transfers all or any of its rights and obligations as provided in Clause 20.3 (Transfers by Finance Parties) all relevant references in this Deed to such Finance Party shall, except as otherwise expressly provided in this Deed, thereafter be construed as a reference to such Finance Party, and/or its Transferee to the extent of their respective interests and, in the case of a transfer of all or part of such Finance Party's obligations, the other parties to this Deed shall thereafter look only to the Transferee in respect of that proportion of the Finance Party's obligations under this Deed as corresponds to the obligations assumed by such Transferee.

20.6. Successor Agent

The appointment of any successor Agent, pursuant to Clause 21.13 (Resignation of an Agent) of the Senior Facilities Agreement, shall for the purposes of this Deed be conditional upon such successor having executed a Deed of Accession in the form of, or substantially in the form of, Schedule 2 whereby such successor (a) accepts such appointment for the purposes of this Deed and (b) agrees to be bound by and comply with the obligations incumbent upon the Agent under this Deed as if it had been a party to this Deed in place of the retiring Agent. Upon the appointment of any such successor taking effect, the retiring Agent shall be discharged from any further obligations under this Deed and its successor and each of the other parties to this Deed shall have the same rights and obligations among themselves as they would have had if such successor had been a party to this Deed in place of the retiring Agent. The successor Agent shall promptly notify the parties to this Deed of its appointment.

20.7. Senior Creditors

(a) Until the Senior Discharge Date, no Senior Creditor will:

(i) assign, transfer or dispose of any of the Debt owing to it or its proceeds or any interest in that Debt or its proceeds, or any security therefor, to or in favour of any person; or

(ii) transfer by novation or otherwise any of its rights or obligations under any of the Finance Documents to any person,

unless that Senior Creditor and that person comply with Clause 20.3 (Transfers by Finance Parties).

(b) A Telenet Additional Facility Lender may become a Lender if it executes and delivers to the Facility Agent a Deed of Accession.

(c) On delivery of a Deed of Accession to the Facility Agent a Telenet Additional Facility Lender will acquire all the rights and assume all the obligations of a Lender under this Deed.

20.8. Subordinated Creditors

Until the Senior Discharge Date no Subordinated Creditor will:

(a) assign, transfer or dispose of, or create or permit to subsist any Security Interest (other than pursuant to the Security Documents) over, any of the Subordinated Debt owing to it, or its proceeds or any interest in that Subordinated Debt, or its proceeds or any security therefor to or in favour of any person or transfer to any person by novation or otherwise any of its rights or obligations in respect of Subordinated Debt arising under or in respect of the Subordinated Debt Documents; or

(b) subordinate any of the Subordinated Debt owing to it or its proceeds to any sums owing by any Obligor to any person (other than Senior Debt owing to the Senior Creditors),

unless that person:

(i) becomes a party hereto as a Subordinated Creditor and executes a Deed of Accession substantially in the form set out in Schedule 2 and delivers the same to the Facility Agent; or

(ii) has otherwise subordinated the indebtedness owing to it by any Obligor to Senior Debt owing to the Senior Creditors in a manner satisfactory to the Senior Creditors.

20.9. Intercompany Creditors

Until the Senior Discharge Date no Intercompany Creditor will:

(a) assign, transfer or dispose of, or create or permit to subsist any Security Interest over, any of the Intercompany Debt owing to it, or its proceeds or any interest in that Intercompany Debt, or its proceeds or any security therefor to or in favour of any person or transfer to any person by novation or otherwise any of its rights or obligations in respect of Intercompany Debt arising under or in respect of the Intercompany Debt Documents; or

(b) subordinate any of the Intercompany Debt owing to it or its proceeds to any sums owing by any Obligor to any person (other than Senior Debt owing to the Senior Creditors).

21. REMEDIES, WAIVERS, AMENDMENTS AND CONSENTS

21.1. No implied waivers, remedies cumulative

No failure on the part of a Senior Creditor to exercise, and no delay on its part in exercising, any right or remedy under this Deed will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise of that or any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any other rights or remedies (whether provided by law or otherwise).

21.2. Amendments, waivers and consents

(a) Subject to paragraphs (b) and (c) below, any provision of this Deed may be amended or supplemented only if the Obligors and the Security Agent (acting on the instructions of the Majority Senior Creditors) so agree in writing.

(b) Any provision of this Deed affecting the rights or obligations of the Subordinated Creditors or the Intercompany Creditors may only be amended or supplemented if, in addition to the Obligors and the Security Agent (acting on the instructions of the Majority Senior Creditors), the relevant Subordinated Creditors or Intercompany Creditors so agree in writing.

(c) If an amendment to any provision of this Deed adversely affects the rights or obligations of the Hedging Banks and only affects the rights and obligations of the Hedging Banks (including without limitation an amendment to Clause 2(a)(Ranking) or Clause 10.3(ii) (Proceeds of Enforcement) that only adversely affects the ranking of the Hedging Banks or their right to receive amounts under

Clause 10.3 (Proceeds of Enforcement)), such amendment may only be made if, in addition to the Obligors and the Security Agent (acting on the instructions of the Majority Senior Creditors), the relevant Hedging Banks so agree in writing.

(d) Any breach of any provision of this Deed may be waived before or after it occurs only if the Majority Senior Creditors so agree in writing.

(e) Any consent by any Person or the Majority Senior Creditors under this Deed must also be in writing. Any such waiver or consent may be given subject to any conditions thought fit by the Person giving it and shall be effective only in the instance and for the purpose for which it is given.

22. COMMUNICATIONS

22.1. Addresses

Each communication under this Deed must be in writing and unless otherwise stated, may be given in person, by post or fax. Each communication or document to be delivered to any party under this Deed shall be sent to it at the fax number or address, and marked for the attention, if any, from time to time designated by it to the Facility Agent, and the Obligors for the purpose of this Deed. The initial fax number, address and marking (if any) so designated by the Obligors are set out opposite their respective names in Schedule 1 and in the case of the Facility Agent are as set out in the Senior Facilities Agreement. Any communication or document from or to the Finance Parties shall be sent to, by or through the Facility Agent.

22.2. Deemed delivery

Any communication to any Person shall be conclusively deemed to be received by that Person:

(a) if sent by fax between 9.00 a.m. and 5.00 p.m. (local time in the place to which it is sent) on a working day in that place, when sent or, if sent by fax at any other time, at 9.00 a.m. (local time in the place to which it is sent) on the next working day in that place, provided that, in the case of a communication by fax, the communication is received by the intended recipient in legible form; or

(b) in any other case, when left at the address required by Clause 22.1 (Addresses) or within five such working days after being put in the post (by airmail if to another country) postage prepaid and addressed to it at that address.

For this purpose, working days are days other than Saturdays, Sundays and bank holidays.

23. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Deed under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

24. COUNTERPARTS

This Deed may be signed in any number of counterparts, all of which taken together and when delivered to the Facility Agent shall constitute one and the same instrument. Any party may enter into this Deed by signing any such counterpart.

25. POWER OF ATTORNEY

By way of security for the obligations of each Obligor, Subordinated Creditor and Intercompany Creditor under this Deed, each Obligor, Subordinated Creditor and Intercompany Creditor irrevocably appoints until the Senior Discharge Date, the Facility Agent as its attorney to do anything which an Obligor, Subordinated Creditor or Intercompany Creditor (i) has authorised any Senior Creditor to do under this Deed and (ii) is required to do by this Deed (and is legally able to do so) but has failed to do so for a period of ten business days after receiving notice from the Facility Agent requiring it to do so unless such Obligor, Subordinated Creditor or Intercompany Creditor is disputing in good faith and by appropriate proceedings that it is required to do the thing concerned.

26. GOVERNING LAW AND JURISDICTION

26.1. Governing Law

This Deed shall be governed by and construed in accordance with the laws of England.

26.2. Agents for Service

Without prejudice to any other mode of service, each Obligor:

(a) irrevocably appoints Law Debenture Trustee Company as its agent for service of process relating to any proceedings before the English Courts in connection with this Deed or any judgment in connection therewith;

(b) agrees that failure by a process agent to notify the Obligors of the process will not invalidate the proceedings concerned; and

(c) consents to the service of process relating to any such proceedings by the posting of a copy of the process to its address for the time being applying for the purposes of Clause 36.2 (Service of Process) of the Senior Facilities Agreement.

26.3. Submission

(a) For the benefit of each Senior Creditor each other party (each being a **Jurisdiction Party**) irrevocably agrees that the Courts of England have jurisdiction to settle any disputes in connection with this Deed and accordingly submit to the jurisdiction of the English Courts.

(b) Each Senior Creditor (each also being a **Jurisdiction Party**) irrevocably agrees that the Courts of England have jurisdiction to settle any disputes in connection with this Deed and accordingly submits to the jurisdiction of the English Courts.

26.4. Forum Convenience and Enforcement Abroad

Each Jurisdiction Party:

(a) waives objection to English Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with this Deed;

(b) agrees that a judgment or order of an English Court in connection with this Deed is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction; and

(c) hereby to the fullest extent permitted by law waives any right it may have in any jurisdiction to have any proceeding take the form of a trial by jury.

THIS DEED has been duly executed by the parties hereto on the date stated at the beginning of this Deed.

SCHEDULE 1

PARTIES

PART 1

THE ORIGINAL LENDERS

ABN AMRO Bank N.V.

BNP PARIBAS S.A.

JPMORGAN CHASE BANK, N.A.

PART 2

THE ORIGINAL SUBORDINATED CREDITORS AND THE ORIGINAL SUBORDINATED DEBTORS

Original Subordinated Creditors

None

Original Subordinated Debtors

Name	Registration number (or equivalent, if any)
Telenet BidCo NV	HR Mechelen 89835 Enterprise No.: 0473.416.418
Telenet Communications NV	HR Mechelen 090032 Enterprise No.: 0473.416.814
Telenet Group Holding NV	HR Mechelen 090008 Enterprise No.: 0477.702.333
Telenet NV	HR Mechelen 82218 Enterprise No.: 0439.840.857
Telenet Vlaanderen NV	HR Mechelen 83076 Enterprise No.: 0458.840.088
UPC Belgium NV	HR Brussels 69463 Enterprise No.: 0455.620.381

PART 3

THE ORIGINAL OBLIGORS

Name	Registration number (or equivalent, if any)
Telenet BidCo NV	HR Mechelen 89835
	Enterprise No.: 0473.416.418
Telenet NV	HR Mechelen 82218
	Enterprise No.: 0439.840.857
UPC Belgium NV	HR Brussels 69463
	Enterprise No.: 0455 620 381

PART 4

THE ORIGINAL INTERCOMPANY CREDITORS AND THE ORIGINAL INTERCOMPANY DEBTORS

Original Intercompany Creditors

Name	Registration number (or equivalent, if any)
Telenet BidCo NV	HR Mechelen 89835 Enterprise No.: 0473.416.418
Telenet Communications NV	HR Mechelen 090032 Enterprise No.: 0473.416.814

Original Intercompany Debtors

Telenet Communications NV	HR Mechelen 090032 Enterprise No.: 0473.416.814
Telenet Group Holding NV	HR Mechelen 090008 Enterprise No.: 0477.702.333
Telenet NV	HR Mechelen 82218 Enterprise No.: 0439.840.857

PART 5

THE SECURITY PROVIDERS

Name	Details	
Telenet BidCo NV	Address:	Liersesteenweg 4 2800 Mechelen HR Mechelen 89835
	Enterprise No.:	0473.416.418
	Attention:	Group Treasurer / Chief Financial Officer
	Tel:	+32 (15) 33 3564/+32 (15) 33 3557
	Fax:	+32 (15) 33 3716
Telenet Communications NV	Address:	Liersesteenweg 4 2800 Mechelen HR Mechelen 090032
	Enterprise No.:	0473.416.814
	Attention:	Group Treasurer / Chief Financial Officer
	Tel:	+32 (15) 33 3564/+32 (15) 33 3557
	Fax:	+32 (15) 33 3716
Telenet Group Holding NV	Address:	Liersesteenweg 4 2800 Mechelen HR Mechelen 090008
	Enterprise No.:	0477.702.333
	Attention:	Group Treasurer / Chief Financial Officer
	Tel:	+32 (15) 33 3564/+32 (15) 33 3557
	Fax:	+32 (15) 33 3716
Telenet NV	Address:	Liersesteenweg 4 2800 Mechelen HR Mechelen 82218
	Enterprise No.:	0439.840.857
	Attention:	Group Treasurer / Chief Financial Officer
	Tel:	+32 (15) 33 3564/+32 (15) 33 3557
	Fax:	+32 (15) 33 3716
Telenet Vlaanderen NV	Address:	Liersesteenweg 4 2800 Mechelen HR Mechelen 83076
	Enterprise No.:	0458.840.088
	Attention:	Group Treasurer / Chief Financial Officer
	Tel:	+32 (15) 33 3564/+32 (15) 33 3557
	Fax:	+32 (15) 33 3716
UPC Belgium NV	Address:	Chazallaan 140 1030 Brussels HR Brussels 69463
	Enterprise No.:	0455 620 381
	Attention:	Treasurer
	Tel:	+32 (15) 33 3564
	Fax:	+32 (15) 33 3716

Schedule 2

Form of Deed of Accession

THIS DEED OF ACCESSION is made on [date] by [name] of [address] (the **New Party**).

BACKGROUND

(A) This Deed of Accession is supplemental to and entered into in accordance with:

(i) [The details of Hedging Documents and Hedging Liability covered by this Deed is as follows [ ]].*

(ii) an Intercreditor Deed (as amended, supplemented or novated from time to time, the **Intercreditor Deed**) dated 10 October 2007 between, among others, the Lenders, the Hedging Banks, the Intercompany Creditors, the Intercompany Debtors and the Obligors (each as therein defined), **BNP PARIBAS** as Facility Agent, and **KBC BANK NV** as Security Agent.

(B) [New Party] has agreed to become a Party to the Intercreditor Deed as [the Facility Agent/the Security Agent/a Lender/a Hedging Bank/a Subordinated Creditor/a Subordinated Debtor/an Obligor/an Intercompany Creditor/an Intercompany Debtor].*

(C) It is intended by the parties hereto that this document shall take effect as a deed notwithstanding the fact that a party may only execute this document under hand.

NOW THIS DEED WITNESSES AND IT IS AGREED as follows:

1. Terms defined in the Intercreditor Deed shall, unless herein defined, have the same meaning when used in this Deed.

2. The New Party hereby agrees and undertakes to the other Parties to the Intercreditor Deed that, with effect on and from [date of accession], in accordance with and as described in Clause 20 of the Intercreditor Deed it will be bound by the Intercreditor Deed as [a Lender/a Hedging Bank/a Subordinated Creditor/a Subordinated Debtor/an Obligor/an Intercompany Creditor/an Intercompany Debtor/the Facility Agent/the Security Agent]* and that it will observe and perform all the obligations of [a Lender/a Hedging Bank/a Subordinated Creditor/a Subordinated Debtor/an Obligor/ an Intercompany Creditor/an Intercompany Debtor/the Facility Agent/a Security Agent/]* under the Intercreditor Deed as if it had been an original party thereto.

3. This Deed shall be governed by English law.

IN WITNESS WHEREOF this document has been executed on the date first stated.

---

* Delete as appropriate.

EXECUTED as a **DEED** by

[ ]

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

SCHEDULE 3

CALCULATION OF HEDGING LIABILITIES

On any date, the amount certified to the Facility Agent by the relevant Hedging Bank at the request of the Facility Agent as the amount which would be payable to that Hedging Bank by the relevant Obligor under the terms of the relevant Hedging Document(s) if an Additional Early Termination Event (as defined in the relevant Hedging Document) occurred and was declared on that date and the Obligor was the Affected Party (as defined in the relevant Hedging Document).

SIGNATORIES TO THE INTERCREDITOR DEED

Original Obligors

EXECUTED as a **DEED** by:

TELENET BIDCO NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

UPC BELGIUM NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

Security Providers

EXECUTED as a **DEED** by:

TELENET BIDCO NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET COMMUNICATIONS NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET GROUP HOLDING NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET VLAANDEREN NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

UPC BELGIUM NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

Original Intercompany Creditors

EXECUTED as a **DEED** by:

TELENET BIDCO NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET COMMUNICATIONS NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

Original Intercompany Debtors

EXECUTED as a **DEED** by:

TELENET COMMUNICATIONS NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET GROUP HOLDING NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

Original Subordinated Debtors

EXECUTED as a **DEED** by:

TELENET BIDCO NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a DEED by:

TELENET BIDCO NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET COMMUNICATIONS NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET GROUP HOLDING NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

TELENET NV

acting by

acting under the authority of that company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a DEED by:

TELENET VLAANDEREN NV

acting by

acting under the authority of that
company, in the presence of:

Witness's Signature

Name:

Address:

EXECUTED as a **DEED** by:

UPC BELGIUM NV

acting by

acting under the authority of that
company, in the presence of:

Witness's Signature

Name:

Address:

Mandated Lead Arrangers

ABN AMRO BANK N.V.

By:

BNP PARIBAS S.A.

By:

J.P. MORGAN PLC

By:

Original Lenders

ABN AMRO BANK N.V.

By:

BNP PARIBAS S.A.

By:

JPMORGAN CHASE BANK, N.A.

By:

Facility Agent

BNP PARIBAS

By:

Security Agent

KBC BANK NV

By:

THE ISSUER
TELENET FINANCE V LUXEMBOURG S.C.A.
5, rue Guillaume Kroll
L-1882 Luxembourg
Grand-Duchy of Luxembourg

CO-BORROWERS AND CO-GUARANTORS UNDER THE SENIOR CREDIT FACILITY

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Grand-Duchy of Luxembourg

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Belgium

GROUP PARENT
TELENET GROUP HOLDING NV
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Belgium

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Grand Duchy of Luxembourg

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Belgium

INDEPENDENT AUDITORS FOR THE ISSUER
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United Kingdom

REGISTRAR AND LUXEMBOURG LISTING AGENT
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L-2453 Luxembourg

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