



Financial Report 2014

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➤ Consolidated annual report of the board of directors for 2014 to the shareholders of Telenet Group Holding NV

The board of directors of Telenet Group Holding NV has the pleasure to submit to you its consolidated annual report of the year ended December 31, 2014, in accordance with Articles 96 and 119 of the Belgian Company Code.

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

Definitions

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

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

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

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

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

Net leverage ratio: Net leverage ratio is calculated as per the 2010 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of € 195.0 million, divided by last two quarters' Consolidated Annualized EBITDA.

1. Information on the Company

1.1 Overview

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

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

As of December 31, 2014, Telenet had 2,066,700 customers, which represented approximately 71% of the 2,916,300 homes passed by its network. As of December 31, 2014, all of Telenet's 2,066,700 customers subscribed to its basic cable television services, 1,530,600 subscribed to its broadband internet services and 1,154,200 subscribed to its fixed telephony services. Telenet also had 894,500 mobile postpaid subscribers as of December 31, 2014. Approximately 76% of its basic cable television subscribers had upgraded from analog to digital television and were generating incremental ARPU beyond the basic cable television subscription fee. For the year ended December 31, 2014, Telenet's total revenue was € 1,707.1 million, a 4% increase over the year ended December 31, 2013, and its Adjusted EBITDA was € 900.0 million, a 7% increase over the year ended December 31, 2013.

Pursuant to a 2008 agreement between Telenet, Interkabel, INDI ESV and four pure intermunicipalities (the "PICs") in Flanders (the "PICs Agreement"), Telenet acquired full rights to use substantially all of the network owned by Interkabel and the PICs, which encompasses about one third of Flanders (the "Partner Network" and together with Telenet's network, the "Combined Network"), under a long-term lease (*erfpacht/emphytéose*) for an initial period of 38 years. Under the PICs Agreement, 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.

Telenet's Combined Network is fully bi-directional and EuroDocsis 3.0 enabled, and provides a spectrum bandwidth capacity of 600 MHz. At December 31, 2014, an average of 490 homes was connected to each optical node, down from approximately 1,400 homes at the start of the project in 2010, which has increased download and upload speeds, and helped support new internet applications and enhanced services and technology. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 260 at December 31, 2014.

Telenet is 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 year ended December 31, 2014, Telenet's ARPU per customer relationship was € 49.8, up 5% compared to the year ended December 31, 2013 when the ARPU per customer relationship was € 47.6.

1.2 Basic cable television

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

Telenet's basic cable television subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. To facilitate the growing trend towards digital television, new internet applications and higher broadband speeds in the future, Telenet has partially reduced the bandwidth allocated to analog channels in 2012. At the end of June 2013, Telenet launched a new television product, "TV with a card", using the CI+ technology ("Common Interface Plus"), which is integrated into the latest television sets. By placing a CI+ module with a smart card in a television set, customers can watch basic digital cable television without a set-top box.

Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay on a monthly basis. Subscribers to Telenet's basic cable television service pay a fixed monthly subscription fee for basic tier content, irrespective

of the broadcasting format or number of channels received in the basic tier. As from January 25, 2015, Telenet charges its basic cable television subscribers a monthly fee of € 16.00 (including VAT), which includes a copyright fee of € 4.00 per month (including VAT), which helps to offset copyright fees paid by Telenet to copyright collection agencies for certain content provided by the public broadcasters that is retransmitted over the Combined Network.

Telenet regularly reviews its pricing policy, carefully weighing the current and future economic and competitive environment. Historically, Telenet has been able to increase the subscription fee for its basic cable television service to offset inflationary impacts on its cost base.

Subscribers to total basic analog and digital cable television services were 2,066,700 at December 31, 2014, which represented approximately 71% of homes passed by Telenet's network. This represented a net loss of 25,800 basic cable television subscribers for the year ended December 31, 2014 and reflected the intensely competitive environment, characterized by the availability of other digital and over-the-top ("OTT") platforms in Telenet's market. The aforementioned net loss excludes migrations to Telenet's digital television platform and represents customers churning to competitors' platforms, such as other digital television providers and satellite operators, or customers terminating their television service or having moved out of Telenet's service footprint. Given the historically high level of cable penetration in Telenet's footprint, the limited expansion of the number of homes passed and strong competition in the television market, Telenet anticipates further churn of basic cable television subscribers, offset by further growth in multiple-play subscribers, generating a higher ARPU relative to the basic cable television ARPU.

1.3 Digital & premium television

Telenet offers interactive digital cable television services ("iDTV") to homes passed by its network, which 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, which allows Telenet to broadcast a significantly greater number of channels by converting channels used for analog broadcasts into use for digital channels. Telenet's basic cable television subscribers who have installed a set-top box or CI+ module, and activated a smart card, have access to a total of more than 70 digital channels, including 15 HD channels, and approximately 36 digital radio channels. 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 enjoy a richer TV experience, including access to electronic program guides ("EPG"), additional thematic content packs, exclusive movies and sports channels and a vast VOD library of both local and international programs. In addition, digital cable television subscribers can also extend their TV experience beyond the traditional TV screen, to their smartphones, tablets, laptops or desktops thanks to Telenet's "Yelo TV" platform. At December 31, 2014, approximately 26% of Telenet's digital cable television subscribers were actively using this application. In early December 2014, Telenet revamped its "Yelo TV" application by introducing a new user interface ("UI") and adding functionality such as improved smart search, swipe TV and a recommendation engine.

In September 2013, Telenet launched "Rex" and "Rio", two unlimited subscription video-on-demand packages for a fixed monthly charge. In December 2014, Telenet introduced "Play" and "Play More", replacing the former "Rex" and "Rio" packages. Priced at € 10.0 per month (including VAT), "Play" represents an attractive entry point for digital cable television customers who want to take full control of when, where and how they watch TV. Currently, Telenet is the only operator in Belgium to bundle the content of local broadcasters, an extensive collection of international movies and series, and TV functionalities such as 7-day catch-up TV, in one single add-on product. At December 31, 2014, "Play" and "Play More" had approximately 150,700 customers.

In order to access all of Telenet's premium iDTV offerings, subscribers need to install a set-top box, which acts as an interface between the subscriber and the Combined Network, and operates on the Multimedia Home Platform ("MHP") standard, which provides an open standard platform that gives Telenet the flexibility to integrate applications from a variety of sources. Telenet offers digital set-top boxes in a sale or a rental model. Telenet offers a choice of "HD Digibox" and "HD Digiorder" set-top boxes with alternative specifications and functionality, such as the ability to record, pause and playback digital content viewed on its service. As of December 31, 2014, approximately 87% of activated set-top boxes included a hard drive and personal video recording ("PVR") functionalities and as a result of the phasing-out of Telenet's legacy SD ("Standard Definition") platform mid-2014 all set-top boxes are HD-enabled. The vast majority of digital cable television subscribers rent the "HD Digiorder" as this specific set-top box type is included in Telenet's multiple-play bundles and allows for a full, high-quality TV viewing experience including pausing, forwarding and recording functionalities.

Telenet's premium service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on-demand and a variety of interactive features. Telenet's premium interactive digital television offerings are available to all subscribers passed by the Combined Network. Telenet's premium content is acquired through various studio contracts, including Universal Studios, MGM, HBO, Twentieth Century Fox, Paramount, Sony, Disney and Warner Brothers. These contracts generally require Telenet to make payments on the basis of a minimum number of subscribers, with adjustments made on a sliding scale once minimum subscriber levels have been attained. In addition, a few of these contracts require Telenet to share a portion of the additional revenue derived from price increases for its premium television packages with the content provider. The success of Telenet's premium services depends on its ability to obtain attractive content on reasonable terms. Following the launch of Telenet's digital cable television service and competing television services in Belgium, competition for premium content in Belgium has increased. If in the future, Telenet is unable to retain certain rights for premium content, its ability to attract and retain subscribers to its premium services, and its profitability, may be adversely affected.

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

interactive search engines such as telephony directories, job searches and travel and transportation information.

Beginning with the 2012-2013 season, Telenet has broadcast all league matches of the Belgian football championship, which has resulted in incremental subscriber growth. In June 2014, the Jupiler Pro League awarded the Belgian soccer rights for the next three seasons on a non-exclusive basis. As such, Telenet will be able to offer all matches of the Belgian competition live on Sporting Telenet through the 2016-2017 season. At the end of December 2014, approximately 204,800 customers subscribed to Telenet's pay television sports channels. Sporting Telenet broadcasts all fixtures of the Belgian football championship alongside the most popular international football leagues and other major sporting events, such as NBA basketball, Formula 1 racing and golf. Pricing is dependent on the number of services ordered and ranges from € 16.45 per month for triple-play subscribers to € 27.45 per month for single-play subscribers (both including VAT).

At December 31, 2014, approximately 76% of Telenet's basic cable TV subscribers were generating incremental revenue on its interactive digital TV platform. This represented a total of 1,576,600 digital cable television subscribers, an increase of 6% as compared to December 31, 2013. During the year ended December 31, 2014, Telenet attracted 85,200 net digital TV subscribers.

1.4 Broadband internet

Telenet is the leading provider of residential broadband internet services in Flanders. Through its HFC upgraded network, Telenet offers its residential subscribers broadband internet service at downstream data transfer speeds of up to 160 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 "Internet 160", which offers end users a downstream speed of up to 160 Mbps. The average download speed per broadband internet subscriber reached approximately 83 Mbps at December 31, 2014 versus approximately 43 Mbps at June 30, 2013 prior to the launch of the new all-in-one bundles "Whop" and "Whoppa".

Telenet's Combined Network uses EuroDocsis 3.0 technology, which positions Telenet as the fastest internet service provider in its footprint with download speeds of up to 200 Mbps for certain of its business customers. Under current offerings, all new bundled broadband internet customers enjoy download speeds of at least 60 Mbps, which exceeds the base tier download speeds of Telenet's direct competitors.

Thanks to continuing investments in its leading HFC network, Telenet's customers can continue to enjoy a great broadband internet experience, both at home and on the move. To this end, Telenet made further progress with the deployment of WiFi Homespots across its footprint. A Homespot is a modem that transmits two concurrent signals: one for private use and another for public use. This enables customers, who have a Telenet wireless internet modem, to log onto the WiFi network of friends or relatives with their own login and hence, they can experience a superior mobile-data experience at no incremental cost. At December 31, 2014, Telenet has deployed almost 1.2 million active WiFi Homespots and operated approximately 2,000 WiFi hotspots in public areas. Through a partnership with the Walloon cable operator VOO,

broadband internet customers from Telenet and VOO can freely use the WiFi Homespots on either company's network.

At the end of August 2014, Telenet announced its next-generation network upgrade program "De Grote Netwerf" as the Company aims to invest around € 500.0 million over the next five years to boost the capacity of its network from 600 MHz currently to 1 GHz, enabling data download speeds of up to 1 Gbps in the future. In early October 2014, Telenet announced the roll-out of the Extensible Authentication Protocol ("EAP") functionality on its WiFi routers, enabling customers to automatically and seamlessly connect to Telenet's WiFi network. This new technology has been activated for substantially all WiFi hotspots and the WiFi Homespots in the city of Mechelen, where Telenet is located. Telenet aims to equip all WiFi Homespots within its footprint with this new technology, boosting the offloading capabilities to move a larger share of the mobile data traffic to its WiFi network at no incremental cost.

At December 31, 2014, Telenet served 1,530,600 broadband internet subscribers, up 4% as compared to December 31, 2013. As a result, approximately 52.5% of the homes passed by its leading HFC network subscribed to one of its leading broadband internet products at December 31, 2014 as compared to 50.6% at December 31, 2013. During the year ended December 31, 2014, Telenet attracted 65,700 net broadband internet subscribers. Annualized churn for Telenet's broadband internet service was 7.3% for the year ended December 31, 2014, which was unchanged compared to the year ended December 31, 2013.

The broadband internet access market in Belgium is well established, with penetration rates higher than in most other major European markets. As of December 2013, broadband internet access penetration in Belgium stood at approximately 82% of total households based on the BIPT 2013 Sector Report as compared to approximately 79% at the end of 2012. As a result, the Belgian broadband internet access market ranks 6th across Europe in terms of effective broadband internet access penetration. The broadband internet access penetration in the Flanders region reached approximately 84% based on the BIPT 2013 Sector Report as a result of more intense competition between the two main broadband internet access technologies, DSL and cable. Telenet's ability to continue to further grow the broadband market will depend in part on increases in the number of households with an internet connectable device in Flanders and parts of Brussels.

1.5 Telephony

1.5.1 Fixed telephony

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

Telenet's residential telephony subscribers are charged a combination of fixed monthly fees for their telephone line, variable fees based on actual usage and, for certain tariff plans, fixed fees for unlimited calling to national fixed lines at all times. Flat-rate usage charges apply for calls placed to other fixed and mobile lines in Belgium and all European member states during off-peak hours. Telenet seeks to price its residential telephony products to provide a better value alternative to Proximus. It also offers its residential subscribers enhanced telephony features for additional fees. Enhanced offerings include packages of features and individual services such as voicemail and caller ID. In May 2013, Telenet enriched its fixed telephony offer through the launch of "Triiing". This application allows fixed telephony subscribers to call with their smartphones over WiFi networks at attractive flat fee rates instead of generally more expensive mobile tariffs. As around 50% of calls originated by mobile phones are made at home, "Triiing" is essentially a money saver for Telenet's customers. At the end of December 2014, Telenet already had 288,200 registered devices using the application, representing around 25% of its fixed telephony subscriber base as of that date.

During the year ended December 31, 2014, Telenet attracted 89,200 net fixed telephony subscribers. Since mid-2013, Telenet has experienced meaningful growth in net fixed telephony subscriber additions driven by the successful repositioning of its multiple-play bundles and the launch of "Triiing". At December 31, 2014, Telenet served 1,154,200 fixed telephony subscribers, which was up 8% compared to December 31, 2013. As a result, approximately 39.6% of the homes passed by its network at December 31, 2014 subscribed to its fixed line telephony service as compared to 36.8% at December 31, 2013. Annualized churn for its fixed telephony service improved from 7.4% for the year ended December 31, 2013 to 7.0% for the year ended December 31, 2014 despite the competitive market.

1.5.2 Mobile telephony

Telenet offers its mobile telephony services through a mobile virtual network operator ("MVNO") partnership with Mobistar NV, the second largest mobile operator in Belgium. In April 2012, Mobistar and Telenet extended their strategic partnership to 2017. With the renewed Full-MVNO agreement, Telenet further expanded its offer for mobile voice and data using Mobistar's mobile telecommunications network, and has access to Mobistar's 4G/LTE ("Long-Term Evolution") mobile network. Through a partnership with Telenet, the Walloon cable operator Tecteo SCRL also uses 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 subsidiary of the Company in which Tecteo SCRL holds a 25% stake, acquired the fourth 3G mobile spectrum license in Belgium, for the minimum reserved price of € 71.5 million. In total, Telenet Tecteo BidCo NV acquired 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 2G spectrum in the 900 MHz band and 10 MHz of paired 2G spectrum in the 1800 MHz band as of November 27, 2015 for a total consideration of € 31.5 million. Telenet has carefully weighed all available options to operate its frequencies in the

2.1 GHz band, leveraging as much as possible on existing infrastructure assets and seeking a more intense collaboration with the existing Belgian mobile network operators through mutually beneficial partnerships. In December 2013, Telenet's management determined that it would not be able to utilize the spectrum rights (held by Telenet Tecteo BidCo NV) as a result of the conclusion of negotiations with network operators in Belgium and the absence of regulatory alternatives. This resulted in a triggering event with respect to the intangible asset related to 3G mobile spectrum license, and, after performing an impairment analysis, Telenet recorded an impairment charge of € 53.3 million during the fourth quarter of 2013 to reduce the carrying amount of this intangible asset to zero. On February 13, 2014, Telenet Tecteo BidCo NV notified the BIPT that it would return the acquired 3G mobile spectrum, and Telenet Tecteo BidCo NV returned the spectrum rights on April 1, 2014. Following Telenet's assessment that it will not be able to utilize the 3G spectrum rights, Telenet Tecteo BidCo NV also informed the BIPT at the end of 2013 that it will not use its option to use the aforementioned 2G spectrum.

In March 2014, Telenet extended its existing "King" and "Kong" mobile line-up by introducing the "King Supersize" option, which provides customers with twice as many minutes, text messages and data as a regular "King" tariff plan for an additional € 5 per month. Telenet also made its "Kong" offer more attractive by reducing headline prices (for both new and existing subscribers) from € 50 per month to € 45 per month while expanding the usage limits for data, messaging and voice specifications. As of March 31, 2014, Telenet's mobile telephony subscribers also get free access to 4G. In October 2014, Telenet announced the roll-out of the EAP functionality on its WiFi routers, enabling customers to automatically and seamlessly connect to its WiFi network. Telenet believes that the roll-out of this new technology provides a potential money-saving opportunity for its customers, allowing the Company to better exploit the full potential of WiFi offloading. While the aforementioned product improvements drove a clear acceleration in net new mobile subscriber growth in recent quarters, the pace of net mobile postpaid subscriber acquisitions slowed for the three months ended December 31, 2014 as a result of the intensely competitive environment characterized by aggressive handset subsidies and other temporary discounts offered by Telenet's direct competitors. For the year ended December 31, 2014, Telenet realized 144,000 net subscriber additions in its Flemish and Brussels franchise areas. At December 31, 2014, Telenet served 894,500 mobile postpaid subscribers, which was up 19% compared to the year ended December 31, 2013.

1.5.3 Interconnection

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must connect to the network serving the end user. Typically, the network serving the end user charges the subscriber's service provider a fee to terminate the communication on its network, which is based on a call set-up charge and on the length of the telephone call. Telenet's principal interconnection agreements are with Belgacom and the main telecommunication operators in Belgium and Luxembourg. Belgacom provided fixed telephony services to an estimated 67% of the Belgian fixed-line market at the end of 2014.

Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet is focused heavily on managing this cost.

For the year ended December 31, 2014, Telenet incurred interconnection expenses of € 160.4 million (€ 142.4 million for the year ended December 31, 2013) and received interconnection revenue of € 92.8 million (€ 83.7 million for the year ended December 31, 2013). Telenet reports the interconnection revenue generated by its fixed and mobile telephony subscribers under 'Residential telephony', while the incurred interconnection fees are accounted for under 'Network operating and service costs'.

Telenet's 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 for fixed telephony services starting on January 1, 2007, which was disputed by both Belgacom and Telenet. In the course of 2013, a settlement was reached with Belgacom regarding this interconnection dispute.

As for mobile telephony, the BIPT imposed sharply declining prospective mobile termination rates following its market analysis dated June 2010. As a result, mobile termination rates have been capped for each mobile network operator at € 1.08 cent per minute starting January 2013 (while still taking into account inflation versus year of reference). This marks a 60% decline compared to the average mobile termination rate of € 2.67 cent per minute, which was applicable as of January 1, 2012. Although the previous regulatory glide path for mobile termination rates has ended on December 31, 2013, the BIPT has not released mobile termination caps for 2014. In the context of the Telenet mobile interconnection discussions with Belgacom, a definitive interconnection agreement was signed. Telenet's agreement with Proximus 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.

Telenet's Full-MVNO agreement with Mobistar necessitated a number of new interconnection agreements to allow other domestic operators to connect to its mobile core network. Interconnection agreements with the main network operators in Belgium are in service. For the purpose of serving mobile telephony subscribers roaming abroad, Telenet has closed a roaming agreement with an international provider, acting as a roaming hub provider. In the premium service mobile business, Telenet connects to content aggregators, and as such provides mobile telephony subscribers access to premium text and multimedia services.

1.6 Business services

Telenet's business customers include small and medium-sized enterprises ("SMEs") with up to 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, 2014, Telenet's business services operations generated € 96.5 million in revenue, which was up 6% compared to the year ended December 31, 2013. Telenet markets its business services under the "Telenet Business" brand name. Telenet's corporate customers generally connect to the Combined Network directly through a fiber optic connection and its SME customers connect to

the Combined Network through a fiber, digital subscriber line ("DSL") or coaxial connection, depending on the scope of their needs and their location relative to the Combined Network.

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

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

The availability of EuroDocsis 3.0 represents an important development for Telenet's positioning in the business-to-business ("B2B") 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 B2B 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 Business" to offer a single-user experience for not only connectivity solutions but also for a whole range of additional value-added services.

1.7 Network

Through its Combined Network, Telenet provides 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. The Combined Network uses EuroDocsis 3.0 technology, which enables Telenet to currently offer downstream speeds of up to 200 Mbps. Telenet's Combined Network assets include approximately 12,000 kilometers of fiber backbone, of which Telenet owns 7,300 kilometers, utilizes approximately 2,600 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 Proximus' telephone network.

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

Customers connect to the Combined Network through a coaxial connection from one of Telenet's nodes. Amplifiers are used on the coaxial lines to strengthen both downstream and return path signals on the local loop. Network quality usually deteriorates as customer penetration rates on any particular node increases. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Combined Network. Telenet has reduced the number of homes connected to an optical node from an average 1,400 since the start of the project in 2010 to an average of 490 homes at December 31, 2014. As not all homes connected subscribe to broadband internet services from Telenet, the number of active broadband households per optical node approximated 260 at December 31, 2014.

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.

In August 2014, Telenet announced that it is planning to invest € 500.0 million over the next five years to upgrade the Combined Network's minimum spectrum bandwidth capacity from 600 MHz to 1 GHz, enabling download speeds of up to 1 Gbps, with the objective of allowing Flanders to offer some of the highest-capacity digital infrastructure in Europe.

1.8 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:

Offer the best and most reliable technology and provide a great customer experience. Telenet aims to provide innovative and competitive fixed and mobile products accompanied by high-quality and effective customer service, so that customers can enjoy their digital lifestyle at home and away. Telenet believes its proven long-term multiple-play strategy enables it to increase ARPU per customer relationship, as more customers choose Telenet for all their digital services, while it continues to focus on customer satisfaction to reduce churn. Telenet's focus is on delivering leading broadband and flat-fee fixed telephony services alongside a fully interactive and rich digital TV platform and therefore, will continue to invest in the Combined Network to stay ahead of other platforms and outperform competing product offerings (for example, through investments in network upgrades such as the recently announced investment in the 1 GHz network). At the same time, Telenet aims to further excel in customer service and loyalty. Telenet will therefore continue to focus on optimizing its processes and platforms with the customers' interest in mind. By creating a better and smarter system, Telenet will be able to better control its cost base, which will allow further investments in the growth of its business.

Maintain speed and service leadership over competitive technologies. Telenet currently offers download speeds of up to 160 Mbps for residential customers and up to 200 Mbps for certain B2B customers, which reaffirms its status as the fastest internet service provider in its footprint. Telenet believes that the combination of an optimization of its network bandwidth and the introduction of EuroDocsis 3.1 will allow Telenet to remain in a leading position to deliver high-speed services in the years to come. Telenet will closely monitor its capital expenditure levels to ensure that its investments drive incremental returns.

Continue to upsell single-play customers to its attractive multi-play offers. Telenet continues to see many opportunities to upsell its single-play customers, which still represented approximately 21% of its overall customer base as of December 31, 2014, to triple- and quadruple-play services and aims to convert its remaining analog cable TV subscribers, which constitute approximately 24% of its basic cable television subscribers, to the higher ARPU digital platform. Concurrently, Telenet will seek to increase the proportion of digital cable television subscribers subscribing to additional premium content offerings. As of December 31, 2014, approximately 19% of its digital cable television customers subscribed to additional premium content offerings (excluding Sporting Telenet). The introduction of "Play" and "Play More", Telenet's two new unlimited subscription video-on-demand packages, in December 2014 has also further enhanced Telenet's unique and leading positioning in terms of both local and international premium content. Priced at € 10.0 per month (including VAT), "Play" represents an attractive entry point for digital cable television customers who want to take full control of when, where and how they watch TV. Currently, Telenet is the only operator in Belgium to bundle the content of local broadcasters, an extensive collection of international movies and series, and TV functionalities such as 7-day catch-up TV, in one single add-on product. At December 31, 2014, "Play" and "Play More" had approximately 150,700 customers.

Offer inspiring entertainment services, including premium and sports content, to its customers. During the second quarter of 2014, Telenet successfully renewed the Jupiler Pro League broadcasting rights for another three years. This extension on a non-exclusive basis allows Telenet to continue to offer all matches of the Jupiler Pro League on its sports pay TV channels, alongside the main international leagues and other international sports events to grow its subscriber base, while optimizing its investment costs. In June 2014, Telenet also announced a strategic 50% investment in the Flemish media company De Vijver Media for approximately € 58.0 million, for which the European Commission granted approval at the end of February 2015. De Vijver Media owns two free-to-air commercial channels (“VIER” and “VIJF”) and a content production house (“Woestijnvis”). Following completion of the transaction, the existing shareholders Corelio Publishing NV and Waterman & Waterman NV (the company of Wouter Vandenhoute, CEO of De Vijver Media, and his business partner Erik Watté) will each hold 25% in De Vijver Media. Telenet will, together with the existing shareholders, jointly control De Vijver Media. Telenet believes that its participation in this creative company provides a new approach to achieve innovation in local content and, together with Telenet’s existing strong portfolio of channels, will continue to enable Telenet to offer Flemish viewers high quality and technologically advanced multimedia entertainment, while continuing to secure strategic access to local content.

Increase presence and market share in the business market. Telenet continues to see further opportunities for subscriber growth in the business broadband market within its footprint through a combination of sustained product and speed leadership and customer service. Telenet has recently made significant investments in its business services unit, “Telenet Business”, to enable it to provide business customers with an integrated portfolio of leading connectivity, security and hosting solutions with a strong focus on widely available coax products.

Cross-sell mobile services across its vast cable customer base.

Telenet believes that its successful repositioning in the mobile telephony market and its focus on more cost-effective mobile subscriber acquisitions will contribute to revenue and Adjusted EBITDA growth. Telenet believes that its customers value Telenet’s simple, transparent and competitive mobile offering, which also creates an opportunity for Telenet to cross-sell mobile telephony to its large fixed-line telephony subscriber base. As of December 31, 2014, approximately 20% of Telenet’s customer base also subscribed to its mobile products, which Telenet believes to be an indication of a considerable growth opportunity to increase its mobile telephony subscriber base.

Invest in innovation in Flanders. Innovation is of prime importance to Telenet. Telenet believes it can play a role in promoting innovation in Flanders. The company will therefore invest in promising Flemish digital entrepreneurial talent to stimulate innovation. This will initially take the form of a partnership with Idealabs, the start-up incubator that will be renamed Idealabs Telenet Fund. Telenet also announced in May 2014 that it would work together with iMinds on the iStart programme. Over the next two years, Telenet is planning to invest a total of € 1 million in innovative projects of promising local entrepreneurs with the aim to accelerate creativity and entrepreneurship in Flanders. For additional information, we refer to note 5.27 to the consolidated financial statements of the Company.

2. Discussion of the consolidated financial statements

2.1 Revenue by service

For the year ended December 31, 2014, the Company generated revenue of € 1,707.1 million, representing a 4% increase compared to the year ended December 31, 2013 when the Company produced revenue of € 1,641.3 million. All of the Company's revenue growth for the year ended December 31, 2014 was organic and directly driven by (i) solid multiple-play growth with the number of triple-play subscribers up 10% compared to December 31, 2013, (ii) the benefit from the selective price increase on certain fixed services in February 2014, (iii) a 8% higher contribution from Telenet's mobile activities, and (iv) a 6% increase in business services revenue.

These favorable impacts were partly offset by (i) substantially lower revenue from the sale of standalone handsets of € 8.7 million on which the Company generally earns a small margin, (ii) € 5.7 million lower analog carriage fees, and (iii) lower usage-related revenue. Excluding the negative impact from the lower standalone handset sales and lower analog carriage fees, the Company's revenue growth rate for the year ended December 31, 2014 would have been higher.

For further information, we refer to note 5.18 to the consolidated financial statements of the Company.

2.1.1 Basic cable television

Basic cable television revenue, which represents the monthly fee paid by Telenet's basic cable television subscribers for the analog and digital channels they receive in the basic tier, amounted to € 321.2 million for the year ended December 31, 2014 and was up 2% versus the year ended December 31, 2013. The negative impact from the decrease in Telenet's active subscriber base was more than offset by higher revenue from copyright fees following the price increase in February 2014. As the Company pays these copyright fees directly to copyright collection agencies for certain content provided by the public broadcasters, the aforementioned increase does not benefit Adjusted EBITDA.

2.1.2 Premium cable television

Premium cable television revenue represents the revenue generated by Telenet's digital cable television subscribers on top of the basic cable television revenue described above and includes, amongst others, (i) recurring set-top box rental fees, (ii) the revenue generated by supplemental premium content offerings, including Telenet's revamped subscription VOD packages "Play" and "Play More" and "Sporting Telenet", and (iii) Telenet's VOD platform, including both transactional and broadcasting-on-demand features.

For the year ended December 31, 2014, Telenet's premium cable television business generated revenue of € 232.4 million, representing a 1% decrease compared to the year ended December 31, 2013. Higher set-top box rental revenue and subscription revenue was more than offset by (i) a growing proportion of bundle discounts following the repositioning of Telenet's triple-play bundles in June 2013, (ii) lower revenue from transactional VOD services due to the cannibalizing impact from both Telenet's improved subscription VOD platform and enriched PVR functionalities, and (iii) a € 5 lower price point for Telenet's new subscription VOD offer "Play" versus its legacy "Rex" offer.

2.1.3 Distributors/Other

Distributors/Other revenue primarily includes (i) third-party sales and standalone mobile handset sales, (ii) channel carriage fees, (iii) cable television activation and installation fees, and (iv) set-top box sales revenue. Distributors/Other revenue reached € 52.4 million for the year ended December 31, 2014, which was € 8.9 million lower than the € 61.3 million the Company recorded for the year ended December 31, 2013. This 15% revenue decrease compared to the year ended December 31, 2013 was primarily driven by substantially lower revenue from the sale of standalone handsets and lower analog carriage fees.

2.1.4 Residential broadband internet

The residential broadband internet revenue generated by Telenet's residential and small business broadband internet RGUs totaled € 522.2 million for the year ended December 31, 2014 and was up 11% compared to the year ended December 31, 2013 when the Company recorded residential broadband internet revenue of € 469.3 million. Revenue growth was driven by (i) a solid 4% growth in Telenet's RGU base, (ii) the more favorable allocation of revenue from Telenet's "Whop" and "Whoppa" bundles compared to its previous triple-play bundles and (iii) the benefit from the price increase as from February 2014.

2.1.5 Residential telephony

Residential telephony revenue includes recurring subscription-based revenue from both fixed and mobile telephony subscribers as well as interconnection revenue generated by these customers. Residential telephony revenue reached € 482.4 million for the year ended December 31, 2014, and was up 3% compared to the year ended December 31, 2013 as a higher contribution from Telenet's mobile telephony business more than offset lower fixed telephony revenue as a result of a higher proportion of bundle discounts and lower usage-related revenue.

Residential fixed telephony revenue was € 222.7 million for the year ended December 31, 2014 with a solid 8% subscriber increase offset by a growing proportion of bundle discounts and lower usage-related revenue following the continued success of Telenet's "FreePhone Europe" flat-fee rate plans.

Residential mobile telephony revenue for the year ended December 31, 2014 yielded € 259.7 million, including € 81.3 million of interconnection revenue. Residential mobile telephony revenue for the year ended December 31, 2014 increased 8% compared to the year ended December 31, 2013 driven by continued growth in the number of post-paid subscribers, partially offset by a decrease in mobile ARPU.

2.1.6 Business services

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

"Telenet Business" generated revenue of € 96.5 million for the year ended December 31, 2014, which was up 6% compared to the year ended December 31, 2013 when business services yielded revenue of € 90.8 million and reflected the negative impact from changes in the way the Company recognizes certain upfront fees. In addition, lower revenue from leased data lines and hosting services was more than offset by higher revenue from wholesale and backhauling services for mobile, managed security services and fixed voice as continued pricing pressure was offset by strong growth from new fixed telephony product offerings for medium-sized businesses.

2.2 Total expenses

For the year ended December 31, 2014, total operating expenses were € 1,174.9 million, down 6% compared to the year ended December 31, 2013 when the Company incurred total operating expenses of € 1,252.1 million. An 18% increase in other costs compared to the year ended December 31, 2013, which primarily reflects business-supporting and advisory costs, and slightly higher network operating and service costs for the year ended December 31, 2014 were more than offset by a decrease in depreciation, amortization and impairments of € 52.6 million and an 8% decrease in advertising, sales and marketing expenses.

Operating expenses for the year ended December 31, 2014 reflected a € 12.5 million favorable impact from the settlement of certain operational contingencies, and the comparison to operating expenses for the year ended December 31, 2013 was favorably impacted by the net effect of three nonrecurring items: (i) an impairment charge of € 53.3 million in 2013 to reduce the carrying amount of the 3G mobile spectrum license to zero following Telenet's assessment that it will not be able to utilize the spectrum rights, (ii) a restructuring charge of € 34.8 million in 2013, reflecting Telenet's decision to discontinue the provision of digital terrestrial television ("DTT") services, and (iii) the benefit from a € 15.7 million reversal of depreciation charges in 2013 following a settlement on set-top box related import duties.

For further information, we refer to the consolidated statement of profit or loss and other comprehensive income of the Company and the related notes to the consolidated financial statements of the Company.

2.2.1 Cost of services provided

Cost of services provided for the year ended December 31, 2014 reached € 934.8 million, representing a decrease of 6% compared to the year ended December 31, 2013 when we incurred cost of services provided of € 994.8 million. The decrease compared to the year ended December 31, 2013 was driven by a € 53.3 million impairment charge on the 3G mobile spectrum license in 2013 and a € 34.8 million restructuring charge for the discontinuation of DTT services in 2013.

2.2.2 Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2014 totaled € 240.1 million compared to € 257.3 million for the year ended December 31, 2013. The 7% decrease compared to the year ended December 31, 2013 was driven by lower sales, advertising and marketing expenses and lower costs related to share based compensation.

2.3 Expenses by nature

Employee benefits of € 153.8 million for the year ended December 31, 2014 were broadly stable compared to € 153.4 million for the year ended December 31, 2013. A 1% mandatory wage indexation for all employees in January 2014 and modest growth in the total employee base, reflecting the continued growth of the Company's operations, were to some extent offset by a release of certain bonus accruals and lower temporary staffing costs.

Depreciation, amortization and impairment, including gains on disposal of property and equipment and other intangible assets, totaled € 355.5 million for the year ended December 31, 2014 and were substantially lower compared to the € 408.1 million for the year ended December 31, 2013. Depreciation, amortization and impairment charges for the year ended December 31, 2013 reflected a € 15.7 million favorable impact of the reversal of set-top box related import duties, which was more than offset by a € 53.3 million impairment on the 3G mobile spectrum license. Depreciation and amortization charges for the year ended December 31, 2014 were also impacted by an extension to the expected useful life of the latest generation of set-top boxes. Furthermore, the Company incurred lower amortization expenses for the year ended December 31, 2014 versus the year ended December 31, 2013 due to the full impairment of the intangible asset related to the 3G mobile spectrum license at December 31, 2013.

Network operating and service costs, which include all direct expenses such as costs related to handset sales and subsidies, interconnection, programming, copyrights, call center and network-related expenses, continued to represent the largest portion of total operating expenses. Compared to the year ended December 31, 2013, network operating and service costs increased by € 4.6 million, or 1%, to € 524.5 million for the year ended December 31, 2014. Note that network operating and service

costs for the year ended December 31, 2014 reflected a nonrecurring € 12.5 million benefit from the settlement of certain operational contingencies. In addition, growth in network operating and service costs for the year ended December 31, 2014 was driven by (i) higher interconnection costs on the back of continued net subscriber growth for both Telenet's fixed and mobile telephony businesses, (ii) higher copyright and content costs, and (iii) higher costs related to handset subsidies relative to the year ended December 31, 2013.

Advertising, sales and marketing expenses of € 67.1 million for the year ended December 31, 2014 showed an 8% decrease compared to the year ended December 31, 2013 when the Company incurred advertising, sales and marketing expenses of € 73.1 million. While advertising and marketing expenses for the year ended December 31, 2014 were broadly stable compared to the year ended December 31, 2013, the Company incurred lower costs related to outbound direct sales and relatively lower sales commissions as a result of relatively lower net new subscriber growth.

Other costs, including operating charges related to acquisitions or divestitures and restructuring charges, amounted to € 65.7 million for the year ended December 31, 2014 compared to € 87.1 million for the year ended December 31, 2013 when the Company incurred € 34.8 million of restructuring charges linked to the discontinuation of DTT services. Excluding this nonrecurring impact, other costs for the year ended December 31, 2014 reflected, amongst other, higher business-supporting corporate advisory, consulting and legal fees.

Operating expenses represented approximately 69% of revenue for the year ended December 31, 2014 as compared to approximately 76% for

the year ended December 31, 2013. The relative decrease compared to the year ended December 31, 2013 was primarily driven by lower depreciation, amortization and impairment charges, lower restructuring charges and lower advertising, sales and marketing expenses, partly offset by higher network operating and service costs and other costs.

For further information, we refer to note 5.19 to the consolidated financial statements of the Company.

2.4 Adjusted EBITDA

For the year ended December 31, 2014, the Company achieved Adjusted EBITDA of € 900.0 million, representing an increase of 7% compared to the year ended December 31, 2013 when Adjusted EBITDA reached € 842.6 million. The Company's Adjusted EBITDA margin for the year ended December 31, 2014 reached 52.7% compared to 51.3% achieved for the year ended December 31, 2013. As mentioned earlier, the Company's Adjusted EBITDA for the year ended December 31, 2014 reflected a nonrecurring € 12.5 million benefit from the settlement of certain operational contingencies. Despite a higher proportion of lower-margin mobile and premium content revenue in the overall mix and excluding the aforementioned benefit, the Company's underlying Adjusted EBITDA margin improved as a result of triple-play economies and overall control of overhead expenses whilst continuing to invest in both products and customer care operations.

(in thousands of euro)	For the years ended December 31,	
	2014	2013
Adjusted EBITDA	900,031	842,580
Adjusted EBITDA margin	52.7%	51.3%
Share based compensation	(8,311)	(10,547)
Operating charges related to acquisitions or divestitures	(2,135)	-
Restructuring charges	(1,938)	(34,755)
EBITDA	887,647	797,278
Depreciation, amortization and impairment	(355,410)	(408,118)
Operating profit	532,237	389,160
Net finance expense	(331,658)	(206,469)
Other income	444	1
Income tax expense	(91,758)	(66,328)
Profit for the period	109,265	116,364

2.5 Operating profit

Operating profit for the year ended December 31, 2014 reached € 532.2 million, a € 143.0 million improvement compared to the year ended December 31, 2013 when the Company recorded operating profit of € 389.2 million. This 37% increase in operating profit for the year ended December 31, 2014 was driven by a solid 7% year-on-year growth in Adjusted EBITDA, while operating profit for the year ended December 31, 2013 was negatively impacted by the impairment on the 3G mobile spectrum license and the discontinuation of DTT services.

2.6 Net finance expenses

For the year ended December 31, 2014, net finance expenses totaled € 331.6 million compared to € 206.5 million of net finance expenses incurred for the year ended December 31, 2013. The 61% increase in net finance expenses was primarily driven by a decrease in the fair value of derivatives. For the year ended December 31, 2014, the Company's derivatives yielded a loss of € 67.4 million, whereas the year ended December 31, 2013 showed a non-cash gain of € 56.3 million. Furthermore, the Company also incurred a € 7.4 million loss on the extinguishment of debt following the April 2014 prepayment of certain Term Loans and the Senior Secured Notes due 2016.

Relative to the year ended December 31, 2013, interest income and foreign exchange gain showed a slight increase to € 2.4 million for the year ended December 31, 2014 as lower average interest rates on deposits and investments were offset by an average higher cash balance compared to the year ended December 31, 2013.

Interest expenses, foreign exchange loss and other finance expenses reached € 259.2 million for the year ended December 31, 2014 and were 2% lower compared to the year ended December 31, 2013 following the successful refinancing in April 2014 of certain of Term Loans and the Senior Secured Notes due 2016.

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

2.7 Income taxes

The Company recorded income tax expense of € 91.7 million for the year ended December 31, 2014 compared to income tax expense of € 66.3 for the year ended December 31, 2013.

For further information, we refer to note 5.21 to the consolidated financial statements of the Company.

2.8 Net income

For the year ended December 31, 2014, the Company earned net income of € 109.3 million compared to € 116.4 million for the year ended December 31, 2013. Net income for the year ended December 31, 2014 decreased 6% compared to the year ended December 31, 2013 as the Company incurred a € 67.4 million loss on derivatives, recorded a € 7.4 million loss on the extinguishment of debt and incurred higher income tax expenses.

2.9 Cash flow and liquidity

For further information, we refer to the consolidated statement of cash flows of the Company.

2.9.1 Net cash from operating activities

The Company's operating activities generated net cash of € 571.6 million for the year ended December 31, 2014 compared to € 590.5 million of net cash generated from our operating activities for the year ended December 31, 2013. Solid growth in Adjusted EBITDA and slightly lower cash interest expenses compared to the year ended December 31, 2013 were more than offset by higher cash tax expenses and cash payments related to the settlement of certain operational contingencies.

2.9.2 Net cash used in investing activities

The Company used € 318.6 million of net cash in investing activities for the year ended December 31, 2014, representing a decrease of 12% compared to the year ended December 31, 2013 when the Company spent € 363.8 million in investing activities. The cash used in investing activities comprised the cash payments for capital expenditures, including the cash payment of € 28.5 million for the Belgian football broadcasting rights, net of the proceeds received from other operators and broadcasters using a portion of these rights. This amount covered the final payment for the previous 2013-2014 season and the first leg of the current 2014-2015 season. Please refer to Section 2.11 – *Capital expenditures* for detailed information about the underlying accrued capital expenditures.

2.9.3 Free Cash Flow

For the year ended December 31, 2014, the Company generated Free Cash Flow of € 235.3 million, up 11% compared to the year ended December 31, 2013 when the Company achieved € 212.4 million of Free Cash Flow. The robust growth in Free Cash Flow compared to the year ended December 31, 2013 was directly driven by a solid increase in Adjusted EBITDA and lower cash capital expenditures, which more than offset both the negative cash tax impact mentioned above and the cash payments related to the settlement of certain operational contingencies.

<i>(in thousands of euro)</i>	For the years ended December 31,	
	2014	2013
Net cash provided by operating activities	571,605	590,546
Purchases of property and equipment	(210,884)	(256,647)
Purchases of intangibles, net of proceeds from sale of other intangibles	(110,873)	(110,563)
Principal payments on capital leases (excluding network-related leases assumed in acquisitions)	(4,944)	(4,554)
Principal payments on post acquisition additions to network leases	(9,566)	(6,392)
Free Cash Flow	235,338	212,390

2.9.4 Net cash from financing activities

Net cash used in financing activities was € 278.0 million for the year ended December 31, 2014 compared to net cash used in financing activities of € 918.9 million for the year ended December 31, 2013. The evolution of net cash used in financing activities for the year ended December 31, 2014 primarily reflected: (i) a net decrease of € 155.1 million in the Company's overall indebtedness as a result of the April 2014 refinancing and the annual deferred payment for the usage rights of the 3G mobile spectrum license, (ii) the repurchase of 1.1 million shares under the Share Repurchase Program 2014 for an aggregate amount of € 48.2 million offset by the proceeds from the sale of treasury shares amounting to € 25.6 million, (iii) € 24.7 million related to capital lease repayments and other financial payments, and (iv) € 75.6 million of net cash used for the termination of the interest rate derivatives related to the € 400.0 million Senior Secured Notes due 2021 as the previous contracts were replaced by new swap contracts with a much lower base rate, hence reducing our cash interest expenses as from the year ending December 31, 2015 onwards.

The net cash used in financing activities for the year ended December 31, 2013 primarily reflected (i) the payment of the extraordinary gross dividend of € 7.90 per share to the Company's shareholders in early May 2013 (for an aggregate amount of € 905.2 million), (ii) € 26.9 million of proceeds from the exercise of options and warrants, and (iii) € 40.6 million related to various financial payments and capital lease repayments, including the annual deferred payment for the usage rights of the 3G mobile spectrum license.

2.10 Debt profile, cash balance and net leverage ratio

2.10.1 Debt profile

As of December 31, 2014, the Company carried a total debt balance (including accrued interest) of € 3,733.5 million, of which € 1,357.0 million principal amount is owed under the 2010 Amended Senior Credit Facility and € 1,900.0 million principal amount is related to the Senior Secured Notes issued in 2010, 2011 and 2012. The Company's total debt balance at December 31, 2014 also included € 38.5 million for the outstanding portion of the 3G mobile spectrum including accrued

interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

In March 2014, the Company announced an extension offer for Term Loans Q, R and T under the existing 2010 Amended Senior Credit Facility and the redemption of the Senior Secured Notes due 2016. As a result of the aforementioned refinancing, which was completed in April 2014, the Company issued a new € 474.1 million floating rate Term Loan under the 2010 Amended Senior Credit Facility ("Term Loan W") due June 30, 2022 carrying a margin of 3.25% over Euribor. In addition, the Company issued a new € 882.9 million floating rate Term Loan under the 2010 Amended Senior Credit Facility ("Term Loan Y") due June 30, 2023 carrying a margin of 3.50% over Euribor. The net proceeds of these new issuances, together with available cash and cash equivalents, were used to fully redeem the outstanding amounts under Term Loans Q, R and T and the € 100.0 million Senior Secured Notes due 2016. As a result, the Company does not have any maturities of its outstanding debt prior to November 2020.

In addition, as part of the aforementioned refinancing, the Company also launched an extension process for its existing Revolving Facility ("Facility S") with maturity December 31, 2016 carrying a margin of 2.75% over Euribor. Lenders under the Revolving Facility were asked to renew and extend their commitments into a new Revolving facility ("Facility X") with maturity September 30, 2020 carrying a margin of 2.75% over Euribor. As a result, the Company now has full access to a committed Revolving Facility of € 322.9 million, being € 36.9 million under "Facility S" (with availability up to December 31, 2016) and € 286.0 million under "Facility X" (with availability up to September 30, 2020).

2.10.2 Debt overview and payment schedules

For an overview of the Company's debt instruments and payment schedule at December 31, 2014, we refer to note 5.12.4 to the consolidated financial statements of the Company.

2.10.3 Cash balance and availability of funds

At December 31, 2014, the Company held € 189.1 million of cash and cash equivalents compared to € 214.1 million at December 31, 2013. To minimize the concentration of counterparty risk, the Company's cash equivalents, certificates of deposit and money market funds are placed

with highly rated European and US financial institutions. The € 25.0 million decrease in cash and cash equivalents compared to December 31, 2013 was amongst others caused by (i) the early redemption of the remaining outstanding amounts under certain of the Company's Term Loans following the April 2014 refinancing, (ii) the repurchase of 1.1 million shares under the Share Repurchase Program 2014, partially offset by the subsequent sale of treasury shares and, (iii) the unwinding in December 2014 of derivatives related to the € 400.0 million Senior Secured Notes due 2021.

At December 31, 2014, the Company had access to an additional committed Revolving Facility of € 322.9 million, subject to compliance with the covenants mentioned below. A substantial portion of the Company's Revolving Facility (€ 286.0 million) is available until September 30, 2020, while the remaining amount (€ 36.9 million) is available until December 31, 2016.

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

2.10.4 Net leverage ratio

As of December 31, 2014, the outstanding balance of the 2010 Amended Senior Credit Facility and the outstanding cash balance resulted in a Net Total Debt to Consolidated Annualized EBITDA ratio of 3.7x compared to 4.0x at the end of December 2013. The decrease in the net leverage ratio compared to year-end 2013 reflected the absence of major shareholder disbursements apart from the € 48.2 million Share Repurchase Program 2014 as mentioned above. The current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

2.11 Capital expenditures

Accrued capital expenditures reached € 387.2 million for the year ended December 31, 2014, representing approximately 23% of revenue and representing a 4% increase compared to the year ended December 31, 2013 when the Company incurred accrued capital expenditures of € 372.3 million. Accrued capital expenditures for the year ended December 31, 2013 were impacted by a € 16.1 million reversal of set-top box related import duties and the extension of the UK Premier League football broadcasting rights for three seasons, starting August 2013. These broadcasting rights have been capitalized as intangible assets and are being amortized on a pro-rata basis as the seasons progress. In June 2014, Telenet successfully renewed the football broadcasting rights for the Jupiler Pro League for three seasons, starting July 2014. The first season under the current three-year contract has been capitalized as an intangible asset and is being amortized on a pro-rata basis as the season progresses. Excluding the impact from the renewal of the Belgian football broadcasting rights, accrued capital expenditures would have represented approximately 21% of revenue for the year ended December 31, 2014.

Set-top box related capital expenditures increased 16% from € 42.5 million for the year ended December 31, 2013 to € 49.1 million for the year ended December 31, 2014 as a result of continued growth in Telenet's digital cable TV subscriber base and the phasing-out of its legacy SD platform. For the year ended December 31, 2014, set-top box related capital expenditures reached approximately 14% of total accrued capital expenditures (excluding the renewal of the Belgian football broadcasting rights).

Capital expenditures for customer installations totaled € 64.9 million for the year ended December 31, 2014, or approximately 18% of total accrued capital expenditures (excluding the renewal of the Belgian football broadcasting rights), compared to € 81.6 million for the year ended December 31, 2013. The 20% decline compared to the year ended December 31, 2013 in customer installations capital expenditures mirrored a lower level of net broadband internet subscriber additions as compared to the year ended December 31, 2013 and increased efficiencies in installation processes as customers increasingly opted for self-installation.

Accrued capital expenditures for network growth and upgrades decreased 14% from € 114.4 million for the year ended December 31, 2013 to € 98.1 million for the year ended December 31, 2014, and represented approximately 27% of total accrued capital expenditures (excluding the renewal of the Belgian football broadcasting rights). The decrease was primarily driven by timing variances in the execution of certain network investments and relatively lower spending on node-splitting. At the end of August 2014, Telenet unveiled its next-generation network upgrade program "De Grote Netwerf", boosting the digital economy in Flanders. Over the coming five years, the Company anticipates to spend around € 500.0 million to boost the capacity of its network from the current 600 MHz to 1 GHz, enabling superfast broadband speeds of up to 1 Gbps.

The remainder of the Company's accrued capital expenditures included refurbishments and replacements of network equipment, sports content acquisition costs, and recurring investments in IT platform and systems. These reached € 175.1 million for the year ended December 31, 2014 compared to € 133.8 million for the year ended December 31, 2013, and were impacted by the renewal of the Belgian football broadcasting rights, as mentioned above. Approximately 59% of accrued capital expenditures for the year ended December 31, 2014 (excluding the renewal of the Belgian football broadcasting rights) were scalable and subscriber growth related. The Company will continue to closely monitor its investment levels to make sure they generate incremental returns for all stakeholders.

3. Risk factors

3.1 General information

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

- Telenet's substantial leverage and debt service obligations;
- Telenet's ability to generate sufficient cash to service its debt, to control and finance its capital expenditures and operations;
- Telenet's ability to raise additional financing;
- Risks associated with Telenet's structure, and Telenet's indebtedness;
- Risks of default by the counterparties to the Company's derivative and other financial instruments;
- Telenet's relationship with its shareholders;
- Economic and business conditions and industry trends in which Telenet and the entities in which it has interests, operate;
- The competitive environment in which Telenet, and the entities in which it has interests, operate, including competitor responses to its products and services;
- 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;
- The outcome of any pending or threatened litigation;
- Fluctuations in currency exchange rates and interest rates;
- Instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- 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 cable television, broadband internet, fixed telephony, mobile telephony and business service offerings, and of new technology, programming alternatives and other products and services that Telenet may offer in the future;
- Telenet's ability to manage rapid technological changes;
- Telenet's ability to maintain or increase the number of subscriptions to its digital cable television, broadband internet services, fixed-line telephony and mobile services offerings 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 our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- Changes in laws or treaties relating to taxation, or the interpretation thereof, in Belgium;
- Changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of Telenet's financial risks;
- The ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- The availability of attractive programming for Telenet's analog and digital cable television services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- 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;
- The availability of capital for the acquisition and/or development of telecommunications networks and services;
- Telenet's ability to successfully integrate and recognize anticipated efficiencies from the businesses it may acquire;
- Leakage of sensitive customer data;

- The loss of key employees and the availability of qualified personnel and Telenet's ability to interact with labor councils and unions;
- Changes in the nature of key strategic relationships with partners and joint ventures; and
- Events that are outside Telenet's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

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

3.2 Legal proceedings

We refer to note 5.24.1 to the consolidated financial statements of the Company.

4. Information about subsequent events

We refer to note 5.27 to the consolidated financial statements of the Company.

5. Information on research and development

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

history, to the extent that Telenet is able to do so with an appropriate consideration of the potential risks involved.

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

6. Use of financial instruments

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

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

The Company has entered into various derivative instruments to manage interest rate and foreign currency exchange rates exposure. The Company does not apply hedge accounting to its derivative instruments. Accordingly, changes in the fair values of all other derivative instruments are recognized immediately in the Company's statement of profit or loss and other comprehensive income.

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

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

7. Corporate governance statement

Corporate governance can be defined as a framework of rules (laws, institutions and policies) and practices (processes and customs) ensuring the way a company is directed, managed and controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, the board of directors, management, employees, customers, creditors, suppliers, the government and the community at large.

In this chapter, the board of directors discusses factual information regarding the current corporate governance policy at Telenet and relevant events which took place in 2014.

7.1 Reference code

The Corporate Governance Charter of the Company has most recently been updated on July 29, 2014, and can be consulted on the investor relations website of the Company (<http://investors.telenet.be>). In compliance with article 3 of the Law of April 6, 2010 and the Royal Decree of June 6, 2010, the Company has decided to adopt the Belgian Corporate Governance Code 2009 (<http://www.corporategovernancecommittee.be>) as reference code. Except for a minor deviation in relation to provisions 7.17 and 7.18, the Company is fully compliant with the provisions of the Belgian Corporate Governance Code 2009. The deviations are indicated and explained in the relevant sections of this Statement.

7.2 Regulatory developments and their impact on Telenet

In 2011, the Belgian federal regulatory authority (“BIPT”) and the regional media regulators, including the *Vlaamse Regulator voor de Media* for Flanders, the *Conseil Supérieur de l’Audiovisuel* for Wallonia, and the *Medienrat* for the German speaking community (collectively with the BIPT, the “Belgium Regulatory Authorities”), decided on new regulation regarding the broadband and broadcasting markets in Belgium, among other things to provide third parties access to the cable network(s).

Broadly, the following developments have occurred since (including some of which in 2014) which have or could have an impact on this regulation.

Belgium has broadly transposed the European regulatory framework that deals with communications regulation, consisting of a variety of legal instruments and policies, into law. According to the electronic communications law of June 13, 2005, the Belgian Institute for Postal and Telecommunication Services (“BIPT”) should perform the market analysis to determine which, if any, operator or service provider has Significant Market Power (“SMP”). In addition, the Federal Parliament

prepared legislation to transpose the 2009 revisions to the European regulatory framework, which became effective as of August 4, 2012.

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

Although no determination has been made on whether Telenet has Significant Market Power on the market for call termination on individual mobile networks, its rates will be affected by rate limitations implemented by BIPT. In June 2010, the BIPT imposed a steep rate reduction over the next two years resulting in (1) an initial 45% decline effective August 1, 2010, over the then average rate and (2) further declines to a rate in January 2013 that was approximately 79% less than the average rate implemented on August 1, 2010. As of January 1, 2013, mobile termination rates have been set by BIPT at 1.08 euro cents per minute.

In December 2010, the Belgium Regulatory Authorities published their respective draft decisions reflecting the results of their joint analysis of the broadcasting market in Belgium. After a public consultation, the draft decisions were submitted to the European Commission. The European Commission issued a notice on the draft decision 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 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).

After Telenet submitted draft reference offers regarding the obligations described above in February 2012, the Belgium Regulatory Authorities subsequently made their observations, launched a national consultation process and consulted with the European Commission. Although the European Commission expressed doubts regarding the analog resale offers on August 8, 2013, the European Commission did not object to the decision on the reference offers. The Belgium Regulatory Authorities published their final decision on September 9, 2013. The regulated wholesale services must be available approximately six months

after a third-party operator files a letter of intent and pays an advance payment to Telenet. On December 27, 2013, wireless operator Mobistar submitted a letter of intent and on January 10, 2014 made the advance payment. As a result, in June 2014, access to Telenet's network became operational for Mobistar.

On April 2, 2013, the Belgium Regulatory Authorities issued a draft decision regarding the "retail-minus" tariffs of minus 35% for basic TV (basic analog and digital video package) and minus 30% for the bundle of basic TV and broadband internet services. 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 costs for billing, franchise, consumer service, marketing and sales). On October 4, 2013, the Belgium Regulatory Authorities notified a draft quantitative decision to the European Commission in which they changed the "retail-minus" tariffs to minus 30% for basic TV (basic analog and digital video package) and to minus 23% for the bundle of basic TV and broadband internet services. Even though the European Commission made a number of comments regarding the appropriateness of certain assumptions in the proposed costing methodology, the Belgian Regulatory Authorities adopted such retail-minus tariffs on December 11, 2013.

Telenet filed an appeal against the July 2011 Decision with the Brussels Court of Appeal. In November 2014, the Court rejected Telenet's appeal and accepted Belgacom's claim that it should have access to Telenet's digital television platform and the resale of broadband internet access in a bundle with digital video. Telenet is currently considering whether to file an appeal on this decision with the Belgium Supreme Court. On November 14, 2014, Belgacom submitted a request with Telenet to start access negotiations. Telenet is reviewing the merits of this request. Telenet also filed an appeal with the Brussels Court of Appeal against the decisions regarding the qualitative and the quantitative aspects of the reference offer. A decision in this appeal is not expected before the end of 2015. There can be no certainty that Telenet's appeals will be successful.

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 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 the extent that competitors take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments.

7.3 Capital and shareholders

7.3.1 Capital and securities

The share capital of the Company amounted to € 12,711,165.66 as at December 31, 2014 and was represented by 116,908,039 shares without nominal value. All shares are ordinary shares, listed on NYSE

Euronext Brussels, with the exception of 30 Golden Shares and 94,843 Liquidation Dispreference Shares to which certain specific rights or obligations are attached, as described in the articles of association and the Corporate Governance Charter.

On December 27, 2007, the extraordinary shareholders' meeting of the Company approved an employee stock option plan (the "ESOP 2007"). As of December 31, 2014, there were no more warrants outstanding under the ESOP 2007, except under the ESOP 2007 septies grant. More details on the outstanding warrants under the ESOP 2007 can be found in note 5.11 to the consolidated financial statements of the Company.

On April 28, 2010, the extraordinary shareholders' meeting also approved certain terms and conditions of a specific stock option plan (the "SSOP 2010-2014"), under which 850,000 stock options were granted to the former CEO of the Company. Each stock option gave the right to acquire one existing share of the Company under the terms and conditions of the SSOP 2010-2014. These stock options vested in four tranches (one each year) subject to the achievement of certain performance criteria. In the framework of the termination arrangements with the former CEO of the Company, the Remuneration and Nomination Committee decided that the fourth tranche of options was subject to an accelerated vesting as of August 31, 2013. All vested stock options under the SSOP 2010-2014 were exercisable during defined exercise periods since January 1, 2014. As of December 19, 2014, there are no stock options outstanding under the SSOP 2010-2014.

On April 22, 2013, the board of directors approved a new general stock option plan for employees, for a total number of 1,200,000 stock options on existing shares, under the condition of certain approvals by the general shareholders' meeting of April 24, 2013 (the Employee Stock Option Plan 2013 or ESOP 2013), in view of the granting of these stock options to selected participants under the ESOP 2013. Each stock option gives the right to acquire one existing share of the Company under the terms and conditions of the ESOP 2013. The vesting of these stock options occurs per quarter over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters. The board of directors or the Remuneration & Nomination Committee can grant the stock options to selected beneficiaries. On July 4, 2013, the board of directors authorized a first grant under this plan (ESOP 2013 primo) to certain beneficiaries. On October 22, 2013, the board of directors offered a second tranche of options to certain key management personnel (ESOP 2013 bis).

On April 24, 2013, the extraordinary shareholders' meeting also approved certain terms and conditions of a specific stock option plan (the "CEO SOP 2013"), under which 200,000 stock options were granted to the current CEO of the Company on July 4, 2013. The CEO accepted these stock options on October 2, 2013. Each stock option gives the right to acquire one existing share of the Company under the terms and conditions of the CEO SOP 2013. These stock options vest in three tranches (one each year) subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2013 become exercisable during defined exercise periods as from July 4, 2016. All of the stock options under the CEO SOP 2013 have an expiration date of July 4, 2018. More details on the outstanding stock options under the CEO SOP 2013 can be found in note 5.11 to the consolidated financial statements of the Company and in section 7.7.2.3 b) of this corporate governance statement.

On November 8, 2013 the board of directors granted 185,000 stock options to the CEO of the Company under the specific stock option plan (the "CEO SOP 2014"). The CEO accepted these stock options on February 5, 2014. Each stock option gives the right to acquire one existing share of the Company under the terms and conditions of the CEO SOP 2014. These stock options vest in two tranches (one in 2016 and one in 2017) subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2014 become exercisable during defined exercise periods following June 26, 2016. All of the stock options under the CEO SOP 2014 have an expiration date of June 26, 2020. More details on the outstanding stock options under the CEO SOP 2014 can be found in note 5.11 to the consolidated financial statements of the Company and in section 7.7.2.3 b) of this Statement.

On July 15, 2014 the board of directors granted 180,000 stock options to the CEO of the Company under the specific stock option plan (the "CEO SOP 2014 bis"). The CEO accepted these stock options on September 13, 2014. Each stock option gives the right to acquire one existing share of the Company under the terms and conditions of the CEO SOP 2014 bis. These stock options vest in three tranches (one each year) subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2014 bis become exercisable during defined exercise periods following July 15, 2017. All of the stock options under the CEO SOP 2014 bis have an expiration date of July 15, 2019. More details on the outstanding stock options under the CEO SOP 2014 bis can be found in note 5.11 to the consolidated financial statements of the Company and in section 7.7.2.3 b) of this Statement.

On December 5, 2014, the board of directors approved a new general stock option plan for employees, for a total number of 830,500 stock options on existing shares (the Employee Stock Option Plan 2014 or ESOP 2014), to be granted to selected participants under the ESOP 2014. Each stock option gives the right to acquire one existing share of the Company under the terms and conditions of the ESOP 2014. The vesting of these stock options occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters. The board of directors or the Remuneration & Nomination Committee can grant the stock options to selected beneficiaries. On December 12, 2014, the board of directors authorized a grant under this plan (ESOP 2014) to certain beneficiaries. More details on the outstanding stock options under the ESOP 2014 can be found in note 5.11 to the consolidated financial statements of the Company and in section 7.7.2.4 b) of this Statement.

On October 24, 2012, Telenet granted certain of its Senior Leadership Team members (excluding the CEO) and one other manager a total of 33,869 performance shares (the "2012 Telenet Performance Shares"). The performance target applicable to the 2012 Telenet Performance Shares was the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2014 OFCF to 2011 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning between 50% to 150% of their 2012 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The granted 2012 Telenet Performance Shares will vest on October 24, 2015 if the performance conditions are realized. The 2012 Telenet Performance Shares were amended following the payment of the extraordinary dividend in 2013, whereby the number of performance shares was increased

by the same factor 0.811905 as used for the amendment of warrants and stock options. On February 10, 2015, the Remuneration & Nomination Committee decided that the performance targets were realized, so the 2012 Telenet Performance Shares will vest on October 24, 2015. More details on the outstanding 2012 Telenet Performance Shares can be found in section 7.7.2.4 b) of this Statement.

On October 25, 2013, Telenet granted certain of its Senior Leadership Team members (excluding the CEO) and one other manager a total of 28,949 performance shares (the "2013 Telenet Performance Shares"). The performance target applicable to the 2013 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA over a period starting as of January 1, 2013 and ending on December 31, 2015. A performance range of 75% to 150% of the target Adjusted EBITDA would generally result in award recipients earning between 50% to 150% of their 2013 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The granted 2013 Telenet Performance Shares will vest on October 25, 2016 if the performance conditions are realized. More details on the outstanding 2013 Telenet Performance Shares can be found in section 7.7.2.4 b) of this Statement.

On May 22, 2014, Telenet granted certain of its Senior Leadership Team members (excluding the CEO) and one other manager a total of 27,694 performance shares (the "2014 Telenet Performance Shares"). The performance target applicable to the 2014 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA over a period starting on January 1, 2014 and ending on December 31, 2016. A performance range of 75% to 150% of the target Adjusted EBITDA would generally result in award recipients earning between 50% to 150% of their 2014 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The granted 2014 Telenet Performance Shares will vest on May 22, 2017 if the performance conditions are realized. More details on the outstanding 2014 Telenet Performance Shares can be found in section 7.7.2.4 b) of this Statement.

7.3.2 Evolution of the share capital of Telenet Group Holding NV

The following capital movements took place in 2014:

- On April 10, 2014, the share capital was increased by € 25,665.05 through the exercise of 110,347 ESOP 2007 warrants and 125,762 ESOP 2010 warrants, creating 236,109 new ordinary shares. An amount of € 3,380,984.31 was recorded as issue premium.
- On June 13, 2014, pursuant to the ESPP 2014 and within the framework of the authorized capital, the share capital was increased by € 38,333.06 through the issuance of 352,650 new shares, all fully paid up. An amount of € 12,533,668.10 was recorded as issue premium.
- On July 15, 2014, the share capital was increased by € 42,484.20 through the exercise of 322,261 ESOP 2007 warrants and 68,578 ESOP 2010 warrants, creating 390,839 new ordinary shares. An amount of € 3,724,406.03 was recorded as issue premium.
- On October 10, 2014, the share capital was increased by € 13,926.54 through the exercise of 8,888 ESOP 2007 warrants and 119,231 ESOP

2010 warrants, creating 128,119 new ordinary shares. An amount of € 1,970,121.37 was recorded as issue premium.

- On December 19, 2014, the share capital was increased by € 8,825.44 through the exercise of 10,000 ESOP 2007 warrants and 71,170 ESOP 2010 warrants, creating 81,170 new ordinary shares, bringing the share capital of the Company to € 12,711,165.66 and the total number of shares to 116,908,039. An amount of € 1,269,091.16 was recorded as issue premium.

7.3.3 Shareholders

Important movements in shareholdings

Transparency declarations

In the course of 2014, the Company received the following transparency declaration:

On July 10, 2014, the Company received a transparency declaration from Omega Advisors, Inc., stating that the participation of Omega Advisors, Inc., as of April 30, 2014, dropped below the statutory threshold of 3% of the total outstanding share capital of the Company.

On September 18, 2007, the Company received a notification from LGI Ventures B.V. and from other companies acting in concert with LGI Ventures B.V. in accordance with article 74, §7 of the Law of April 1, 2007, on public take-overs, according to which LGI Ventures B.V. declared it held a stake in Telenet Group Holding NV that exceeded 30% of the total share capital. The Company has received annual updates of this notification, including the latest update received on August 22, 2014.

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

Own shares

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

Under Share Repurchase Program 2011, the Company disclosed several repurchases, on August 22, 2011, October 3, 2011, October 12, 2011 and December 5, 2011.

Through December 31, 2011, the Company had acquired 220,352 own shares for a total amount of € 5.8 million, representing 0.19% of the total number of outstanding shares. After the delivery of 218,452 own shares by the Company to the beneficiary following the exercise of stock options under the SSOP 2010-2014 during 2014, the Company holds no shares under the Share Repurchase Program 2011.

Share Repurchase Program 2014

On February 13, 2014, the Company announced the initiation of a new share repurchase program, referred to as the "Share Repurchase Program 2014" as of February 13, 2014. Under this program, the Company could acquire from time to time up to a maximum of 1.1 million of its outstanding ordinary shares, for a maximum consideration of € 50.0 million, within the three months following February 13, 2014. All repurchased shares are held by the Company to cover the Company's obligations under existing stock option plans.

Through May 13, 2014, the Company had acquired 1,100,000 own shares under the Share Repurchase Program 2014 for a total amount of € 48,166,175.69, representing 0.95% of the total number of outstanding shares at that moment. Taking into account a par value of € 0.11 per share on December 31, 2014, this represents an amount of € 121,000 in the share capital of the company. Further information about the own shares held at December 31, 2014 can be found in Note 5.11.1 of the consolidated financial statements of the Company.

Share Repurchase Program 2015

On February 12, 2015, the Company announced the initiation of a new share repurchase program, referred to as the "Share Repurchase Program 2015". Under this program, the Company can acquire from time to time up to a maximum of 1.1 million of its outstanding ordinary shares, for a maximum consideration of € 50.0 million, within the six months following February 12, 2015. All repurchased shares will be held by the Company to cover the Company's obligations under existing stock option plans.

Through March 20, 2015, the Company had acquired 323,124 own shares under the Share Repurchase Program 2015 for a total amount of € 16.3 million, representing 0.31 % of the total number of outstanding shares at that moment. Taking into account a par value of € 0.11 per share on December 31, 2014, this represents an amount of € 35,544 in the share capital of the company.

Stock Lending Agreement

On December 17, 2014, the Company borrowed 200,000 shares from its majority shareholder Binan Investments B.V., referred to as the "Stock Lending Agreement". All shares borrowed under this Stock Lending Agreement were being held by the Company to cover the Company's obligations under existing stock option plans.

After the delivery of 200,000 shares by the Company to the beneficiary following the exercise of stock options under the SSOP 2010-2013 on December 19, 2014, the Company holds none of these shares borrowed under this Stock Lending Agreement. Under the Stock Lending Agreement, the Company has an obligation to deliver 200,000 shares to Binan Investments BV on or before June 30, 2015 (unless parties would mutually agree in writing prior to this term to extend this term).

Shareholder structure

The shareholder structure of the Company at December 31, 2014, based on the shareholders' register of the Company, all transparency declarations received by the Company as well as the latest notification of each relevant shareholder as notified to the Financial Services & Markets Authority (FSMA), was as follows:

Shareholders	Outstanding shares	Percentage	Outstanding warrants	Total (fully diluted)	Percentage (fully diluted)
Liberty Global Group (*)	66,142,037	56.58%	1,540	66,143,577	56.37%
Norges Bank (**)	5,297,087	4.53%		5,297,087	4.51%
BNP Paribas Investment Partners SA	3,832,819	3.28%		3,832,819	3.27%
Employees	374,926	0.32%	427,584	802,510	0.68%
Own Shares (***)	34,478	0.03%		34,478	0.03%
Public (****)	41,226,692	35.26%		41,226,692	35.14%
Total	116,908,039	100.00%	429,124	117,337,163	100.00%

(*) Including 94,827 Liquidation Dispreference Shares and excluding 200,000 shares held by Binan Investments B.V. on loan.

(**) Including 1,765,475 shares held by Norges Bank on loan which it can recall at any time.

(***) See also above "Stock lending Agreement" regarding 200,000 shares lent from Binan Investments B.V.

(****) Including 16 Liquidation Dispreference Shares held by Interkabel Vlaanderen CVBA and 30 golden Shares held by the financing intermunicipalities

Relationship with and between shareholders

Please see Note 5.25 of the consolidated financial statements of the Company for an overview of the relationship of the Company with shareholders. In addition, reference is made to what is set forth in section 3.3 Stock Lending Agreement above. Furthermore, the Company is not aware of any agreements between its shareholders.

7.3.4 General meeting of shareholders

According to the Company's articles of association, the annual meeting of shareholders takes place on the last Wednesday of the month of April at 3 p.m. In 2015, this will be on April 29.

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

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

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

- A comprehensive overview of the capital structure of the Company can be found in note 5.11 to the consolidated financial statements of the Company.
- Restrictions on the transfer of shares extend only to the 30 Golden Shares. The Company's articles of association provide that the Golden Shares can only be transferred to other partnerships

(*Samenwerkingsverbanden*) between municipalities and to municipalities, provinces or other public law entities or private companies that are controlled directly or indirectly by public law entities. The Golden Shares can only be transferred per lot of three Golden Shares.

- Any major shareholdings of third parties that exceed the thresholds laid down by law and by the articles of association of the Company are listed in Section 7.3.3 of this Statement.
- On December 31, 2014, the Company had 94,843 Liquidation Dispreference Shares and 30 Golden Shares outstanding. The Liquidation Dispreference Shares can be converted into ordinary shares on a 1.04 to 1.00 ratio.
- The Golden Shares attribute to the financing intermunicipalities (who hold all 30 Golden Shares) the right to appoint representatives in the regulatory board (*regulatoire raad*), which supervises the so called "public interest guarantees", and the right to appoint an observer in the board of directors of the Company, as further described in the articles of association and the Corporate Governance Charter of the Company.
- Warrant and share option plans are described in note 5.11 to the consolidated financial statements of the Company. The warrant plans of 2007 and 2010 provide that all outstanding warrants (if granted to selected beneficiaries) would immediately vest upon a change of control over the Company. The ESOP 2013, CEO SOP 2013, CEO SOP 2014 and CEO SOP 2014 bis all provide that all outstanding stock options would immediately vest upon a change of control, a delisting of the Company or the launch of a squeeze-out offer in relation to the shares of the Company. The ESOP 2014 provides that all outstanding stock options would immediately vest upon a change of control. All these provisions have been approved by or will be put for approval to the extraordinary general shareholders' meeting in accordance with article 556 of the Belgian Company Code.
- The Company is not aware of any agreement with any shareholder that may restrict either the transfer of shares or the exercise of voting rights.

- Members of the board of directors are elected or removed by a majority of votes cast at the annual general meeting of shareholders. Any amendment to the articles of association requires the board of directors to propose that the shareholders' meeting passes a resolution to that effect. For amendments to the articles of association, the shareholders' meeting must comply with the quorum and majority requirements laid down in the articles of association and in the Belgian Company Code.
- The board of directors is authorized by the shareholders' meeting of April 30, 2014 to buy back shares of the Company up to the maximum number allowed in accordance with articles 620 and following of the Belgian Company Code, provided that the purchase price per share of the Company may be maximum 20% above, and may not be lower than 20% below, the average closing quotes of the shares of the Company, on a "per share" basis, as traded on NYSE Euronext Brussels (or any other regulated market or trading platform on which the shares of the Company are traded at that time at the Company's initiative) during a period of 30 calendar days prior to the acquisition of the shares by the Company. This authorization is valid for 5 years, i.e. until April 30, 2019.
- Certain provisions of the financing agreements of the Company's subsidiaries would become effective or would be terminated in case of a change of control over the Company (e.g. following a public takeover bid). The relevant provisions were approved at the extraordinary shareholders' meeting of the relevant subsidiaries of the Company in accordance with article 556 of the Belgian Company Code.
- The Full-MVNO agreement concluded between Telenet NV and Mobistar NV also contains change of control wording. The relevant provisions were approved at the extraordinary shareholders' meeting in accordance with article 556 of the Belgian Company Code.
- The Performance Share Plan 2011, the Performance Share Plan 2012, the Performance Share Plan 2013 and the Performance Share Plan 2014 (more details on these Performance Shares to be found in section 7.7.2.4 b) of this Statement), all concluded between Telenet NV and certain members of the Senior Leadership Team and one other manager, also contain change of control wording. The relevant provisions were approved at the extraordinary shareholders' meeting in accordance with article 556 of the Belgian Company Code.
- Otherwise, the Company is not party to any major agreement that would either become effective, be amended and/or be automatically terminated due to any change of control over the Company as a result of a public takeover bid. The Company notes however, that certain of its operational agreements contain change of control provisions, giving the contracting party the right, under certain circumstances, to terminate the agreement without damages.
- Other than the provisions relating to warrants and stock options, as set out above, the Company has not concluded an agreement with its members of the board of directors or employees, which would allow the disbursement of special severance pay in the case of termination of employment as a result of a public takeover bid.

7.4 Internal control and risk management systems

7.4.1 General

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

7.4.2 Components of the internal control and risk management systems

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

In 2014, the Company's internal audit function was outsourced to an external audit firm, which acts as the "internal auditor" of the Company and its subsidiaries. Beginning in 2015, the internal audit function will be performed by the internal audit department of LG. The internal auditor does not only report issues but also provides the Company with information on the level of effectiveness of controls, formulates recommendations, and triggers the start of action plans for items that require improvement.

The internal audit department of LG focuses on internal control over financial reporting, revenue assurance and fraud. Moreover, the team also develops and maintains the necessary instruments to guarantee the protection of personal data of Telenet's customers, employees, visitors and suppliers. Specific teams were set up to oversee, coordinate and facilitate risk management activities within other risk areas (e.g. Health & Safety, Business Continuity and Information Security). The Audit Committee monitors the effectiveness of the internal control and risk management system of the Company, and reviews it annually. In 2014, the Company and the Audit Committee agreed upon a risk governance strategy to align the risk management activities in key risk areas where appropriate and develop a risk governance roadmap. The risk governance roadmap will be executed in 2015.

LG, of which the Company is an affiliate, is subject to the requirements of the US Sarbanes-Oxley Act of 2002 ("SOX"). The Company has been part of LG's assessment of internal control over financial reporting ("ICoFR") since 2008, and has not reported any material weaknesses. While the SOX requirements mainly covers risks relevant to financial reporting, the scope for internal audit is broader and also covers other objectives in the "COSO 2013" framework (Committee of Sponsoring

Organizations of the Treadway Commission), such as compliance with rules and regulations, efficiency and effectiveness of operations.

Control environment

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

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

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

Risk Assessment

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

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

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

Control activities

LG established a framework for evaluating and assessing ICoFR, incorporating entity level, transaction and process level components of the COSO 2013 framework as well as relevant information technology and operational components. The Company has aligned its ICoFR with this framework.

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

LG designed a framework defining the key elements of a privacy risk and control framework. In 2014, the Company began to implement this framework into the Company's control environment and improve the privacy risk control environment where appropriate. Controls over privacy will be formally documented in a Governance, Risk and Compliance tool.

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

For other risk areas, each department has worked out specific control procedures covering the risks in their area. The Company has implemented TIM ("Telenet Identity Management") to support authorized user management and automate access request management and periodic access rights certification for key applications. An ISMS ("Information Security Management System") was implemented to support the risk management activities related to information security.

Information and communication

The Company has implemented a data warehouse and reporting platform, collecting all types of relevant transactional data. Utilizing the data warehouse and reporting platform, the Company's business intelligence competence centre is able to provide the Senior Leadership Team with periodic and ad hoc operational and management reporting.

The Company maintains a central repository with all internal control issues and related actions plans to ensure proper resolution. In addition, all issues and actions are made available on a secured Sharepoint site and action plan owners provide management with monthly status updates.

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

On a quarterly basis, the risk and compliance department reports to the Senior Leadership Team and the Audit Committee on the completeness and timeliness of the resolution of all outstanding issues.

Monitoring

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

For some specific risk areas (e.g. Revenue Assurance) second line monitoring has been established. In addition, a formal risk management and control environment self assessment approach was implemented in 2012.

In addition, a risk-based internal audit plan focusing on significant risk areas is proposed annually by LG internal audit and, after approval by the Company's Audit Committee, is executed by LG internal audit. This internal audit plan is established on the basis of a survey with all members of the Senior Leadership Team as well as on items raised by the Audit Committee, the board of directors, and LG internal audit itself.

Assurance

Although the above measures are designed to address the risks inherent to the Company's business and operations to the extent practicable, the determination of the risk framework and the implementation of the control systems provide reasonable but not absolute certainty that these risks will be effectively mitigated.

7.4.3 Most important risks

For a description of the main risks to which the Company is exposed, please see section 3 "Risk factors" in the consolidated annual report of the board of directors.

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

7.5 Board of directors

7.5.1 Composition

a) General

On December 31, 2014, the board of directors of the Company was composed of 10 members. With the exception of the Managing Director (CEO), all directors are non-executive directors.

There are currently three independent directors within the meaning of article 526ter of the Belgian Company Code, the Belgian Corporate Governance Code and the articles of association of the Company: Mr. Bert De Graeve (as permanent representative of IDw Consult BVBA), Mr. Stéfan Descheemaeker (as permanent representative of SDS INVEST NV and Mr. Michel Delloye (as permanent representative of Cytindus NV).

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

The mandates of Mr. Michel Delloye (as permanent representative of Cytindus NV), Mr. Balan Nair, Mr. Diederik Karsten and Mr. Emanuel Kohnstamm expire at the annual shareholders' meeting of 2015. The mandates of Mr. Charles Bracken and Mrs. Angela McMullen expire at the annual shareholders' meeting of 2016. The mandate of Mr. John Porter expires at the annual shareholders' meeting of 2017 and the mandates of the other directors expire at the annual shareholders' meeting of 2018. Mr. Michel Delloye (as permanent representative of Cytindus NV) cannot be reappointed as independent director of the Company because he has served three (3) terms as independent director of the Company.

Upon advice of the Remuneration & Nomination Committee, the board of directors will put the following proposals for approval to the general shareholders' meeting:

- the reappointment of Mr. Balan Nair, Mr. Diederik Karsten and Mr. Emanuel Kohnstamm as director of the Company, upon nomination of the majority shareholder;
- the nomination of Mrs. Christiane Franck as new independent director of the Company.

As of the general shareholders' meeting of April 25, 2012, Mr. André Sarens is appointed as "observer" to the board of directors.

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

The general shareholders' meeting (resolving by ordinary majority) can dismiss directors at any time.

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

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

On December 31, 2014, the board of directors of the Company was composed as follows:

Name	Function	Nominated by
Bert De Graeve (IDw Consult BVBA)	Chairman Bekaert NV	Independent director - CM
Michel Delloye (Cytindus NV)	Director of companies	Independent director
Stéfan Descheemaeker (SDS INVEST NV)	Director of companies	Independent director
John Porter	Chief Executive Officer & Managing Director Telenet	
Charles H. Bracken	Executive Vice President & Co-Chief Financial Officer (Principal Financial Officer) of Liberty Global	Liberty Global Group
Diederik Karsten	Executive Vice President, European Broadband Operations of Liberty Global	Liberty Global Group
Balan Nair	Executive Vice President & Chief Technology Officer of Liberty Global	Liberty Global Group
Manuel Kohnstamm	Senior Vice President & Chief Policy Officer of Liberty Global	Liberty Global Group
Jim Ryan	Senior Vice President & Chief Strategy Officer of Liberty Global	Liberty Global Group
Angela McMullen	Managing Director Operations of Liberty Global Content Investments	Liberty Global Group

CM: Chairman

Mr. Dieter Nieuwdorp, SVP Strategy & Corporate development of Telenet, acts as secretary of the board of directors and its committees.

b) Diversity

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

The board of directors currently contains one female member (Mrs. Angela McMullen). Telenet endeavors to have the future composition of its board of directors be at least one third of the opposite gender as the other members by the beginning of 2017. The Remuneration & Nomination Committee evaluates the composition of the board of directors each year and formulates suggestions to the board of directors, among other things, taking into account the gender composition.

After approval by the general shareholders' meeting on April 29, 2015 of the proposed nomination of Mrs. Christiane Franck as independent director of the Company, the female representation in the Company's board of directors will reach one fifth.

c) Biographies of directors

The following paragraphs set out the biographical information of the current members of the board of directors of the Company as well as of the candidate-members proposed for appointment by the board of directors to the general shareholders' meeting, including information on other director mandates held by these members.

John Porter, Chief Executive Officer and Managing director (°1957)

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

Bert De Graeve, chairman of the board of directors and independent director (representing IDw Consult BVBA) (°1955)

Bert De Graeve has served as a director of the Company and as chairman of the board of directors since April 2014. From 1982 to 1991, Mr. De Graeve held various financial responsibilities at the international level within Alcatel-Bell. From 1991 to 1996, he led Shanghai Bell Telephone Equipment Manufacturing Company, a Chinese joint-venture of Alcatel Bell, followed by a position as Director International Affairs at the headquarters of Alcatel in Paris. In 1996, Mr. De Graeve became CEO of the BRTN (currently VRT), the Flemish public broadcasting company, which he reorganized into a modern and innovative state-owned company. In 2002, Mr. De Graeve joined the Bekaert Group as Chief Financial and Administration Officer and General Secretary. He was appointed CEO in 2006, succeeding Mr. Julien De Wilde. In May 2014, he became Chairman of Bekaert. He also serves on the board of directors of, among other companies, UCB and was director of Guberna until 2010. Mr. De Graeve holds a law degree from the University of Ghent, a postgraduate degree in Financial Management, IPO at the University of Antwerp Management School and a Master in Tax Management at the Vlekho in Brussels.

Stéfan Descheemaeker, independent director (representing SDS INVEST NV) (°1960)

Stéfan Descheemaeker has served as a director of the Company since April 2014. After 10 years in investment management, Mr. Descheemaeker joined Interbrew (currently AB Inbev) in 1996. He has held several senior management positions within AB Inbev, including Executive Vice President of Strategy and External Growth and Zone President for several key regions. Mr. Descheemaeker is currently a Non-Executive Director on the Board of AB InBev. In 2009, Mr. Descheemaeker joined the Delhaize Group as Executive Vice President and Chief Financial Officer and was appointed to be the CEO of Delhaize Europe in 2011. He left the Delhaize Group in 2013. Mr. Descheemaeker holds a Master in Commercial Engineering from Solvay Business School in Brussels, where he also teaches Business Strategy.

Charles Bracken, director (°1966)

Charles Bracken has served as a director of the Company since July 2005. Mr. Bracken is Executive Vice President and Co-Chief Financial Officer of LG, positions he has held since January 2012 and June 2005, respectively, with responsibility for Group Treasury, Tax and Financial Planning as well as Strategy and Corporate Development. 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 LG. Mr. Bracken is a graduate of Cambridge University.

Diederik Karsten, director (°1956)

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

Manuel Kohnstamm, director (°1962)

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

Jim Ryan, director (°1965)

Jim Ryan has served as a director of the Company from May 2007 until April 2013. Mr. Ryan was appointed director during the shareholders' meeting of April 30, 2014 for a term of four years. Mr. Ryan has been with Liberty Global Europe Holding BV and its predecessors since 2000 as Managing Director of Strategy and Corporate Development, a position he has held until December 2011. Since January 2012, he is Senior Vice President & Chief Strategy Officer and is responsible for the global strategy and strategic planning across all regions of Liberty Global's operations. He holds a degree in Politics, Philosophy and economics from St. John's College, Oxford University.

Balan Nair, director (°1966)

Balan Nair has served as a director of the Company since April 2011. Mr. Nair is Executive Vice President and the Chief Technology Officer of

Liberty Global, positions he has held since January 2012 and July 2007, respectively. Before being named an Executive Vice President, Mr. Nair was Senior Vice President from July 2007 to January 2012. Prior to joining Liberty Global, Mr. Nair served as Chief Technology Officer and Executive Vice President for AOL LLC, a global web services company, from 2006. Prior to his role at AOL LLC, Mr. Nair spent more than five years at Qwest Communications International Inc., most recently as Chief Information Officer and Chief Technology Officer. Mr. Nair is a director of ADTRAN Inc. and Charter Communications Inc., both US public companies and of Austar United Communications Limited. He serves as a Director of Northern Virginia Technology Council and also on the Governor's Council on IT in Healthcare for the Commonwealth of Virginia. He holds a patent in systems development and is a Licensed Professional Engineer in Colorado. Mr. Nair holds a Masters of Business Administration and a Bachelor of Science in electrical engineering, both from Iowa State University.

Angela McMullen, director (°1967)

Angela McMullen has served as a director of the Company since April 2012. Mrs. McMullen has been with Liberty Global since 2001, currently she is CFO and Managing Director – Operations for Liberty Global Content Investments where she is responsible for the financial and operational management of Liberty Global's investment in content investments. Prior to this, she held the position of CFO - Chellomedia, the content and services division of Liberty Global. Prior to joining Liberty Global, Mrs. McMullen was with the Walt Disney Company for eight years where she was SVP of Finance for Walt Disney International - UK and prior to that she had the role of VP European Finance for the Buena Vista Home Entertainment division. Mrs. McMullen has a BA in Economics and is a member of the Institute of Chartered Accountants in England & Wales.

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

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

Christiane Franck, candidate independent director (°1951)

Christiane Franck is CEO of Vivaqua in Brussels since 2005, where she also started her career. Consecutively, she held positions of ICT manager, Commercial Manager Distribution and Secretary General at Vivaqua. Vivaqua, specialized in water production and distribution,

serves over two million inhabitants in Belgium through close cooperation with the public authorities at communal, regional and federal level. Christiane Franck brings a strong service company experience to Telenet. Mrs. Franck has a Master in Mathematics from the University of Brussels (ULB) and is member of the board of the ULB and member of the advisory board of Ethias Assurances.

André Sarens, observer (°1952)

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

7.5.2 Functioning of the board of directors

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

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

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

In 2014, there were seven scheduled board of directors meetings and five non-scheduled board of directors meetings. Seven meetings were held by conference call.

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

In accordance with the Corporate Governance Charter the directors are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression of conflict, with the interests of Telenet. If such conflicts of interest would occur, the director concerned shall immediately inform the chairman hereof. The directors shall then comply with the applicable legal provisions of the Belgian Company Code and, in particular, to the extent legally required, abstain from deliberation and voting on the transaction in which the conflict situation arises. The director shall inform the statutory auditor in writing about the conflict of interest. The minutes shall contain the required information and an excerpt shall be published in the annual report. In 2014, article 523 of the Belgian Company Code was applied three times. More information can be found in section 7.5.6 of this Statement.

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

7.5.3 Evaluation of the board of directors

Every two years, the board of directors assesses its functioning and its relation with the Company's executive management. The evaluation exercise is usually performed by means of a questionnaire, to be filled out by all board members. The completed questionnaires are collected by the Company's corporate secretary, and the results thereof are presented to the Remuneration & Nomination Committee and the board of directors. Appropriate action is taken on those items that require improvement. The last evaluation took place in February 2014, among others in view of the expiration of the mandates of several independent directors and the nomination of new independent directors. Once a year, the non-executive directors make an evaluation of their interaction with the executive management, whereby they meet in the absence of the executive director and the management of the Company.

The Remuneration & Nomination Committee regularly reviews the composition, the size and the functioning of the board of directors of the Company, its main subsidiaries and the different committees within the board of directors. The latest assessment, which took place in 2013, took into account different elements, amongst others the composition and functioning of the board of directors and its committees, the thoroughness with which material subjects and decisions are prepared and discussed, the actual contribution of each director in terms of presence at board and/or committee meetings and the constructive involvement in the deliberation and resolutions, the evaluation whether the effective composition corresponds with the desirable or ideal composition, the application of the corporate governance rules within the Company and its bodies, and an evaluation of the specific roles such as chairman of the board and chairman or member of a board committee. As a result thereof, and in order to increase the efficiency of the board meetings, the board composition was changed in 2011, 2012, 2013 and 2014, by reducing the size of the board.

Given the increasing impact and importance of corporate social responsibility and sustainability on Telenet's business, the board of directors decided in 2013 that the design, implementation and monitoring of Telenet's sustainability program (known as the "LEAP program") would be discussed and approved at full board level. The board of directors also formally reviews and approves the Company's sustainability report and ensures that all material aspects are covered.

7.5.4 Board Committees

In accordance with the relevant legal requirements, the board of directors has established an Audit Committee and a Remuneration & Nomination Committee.

On December 31, 2014, the two board committees were composed as follows:

Name	Audit Committee	Remuneration & Nomination Committee
Bert De Graeve (IDw Consult BVBA)		CM
Stéfan Descheemaeker (SDS INVEST NV)	•	
Charles H. Bracken		•
Angela McMullen	•	
Michel Delloye (Cytindus NV)	CM	•

CM: Chairman

The Audit Committee

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

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

In 2014, the Committee convened five times, to review and discuss the quarterly, semi-annual and annual financial statements before submission to the board of directors and, subsequently, publication. At all of these meetings, the external and internal auditors were invited in order to discuss matters relating to internal control, risk management

and any issues arisen from the audit process. The Committee further discussed and advised the board of directors about procedures for and monitoring of financial reporting to its majority shareholder Liberty Global and about the implementation of a new internal audit function. The Audit Committee, together with the internal audit function (which was partially outsourced until December 2014, see under "Internal Audit"), also monitored and discussed the functioning and efficiency of the internal audit processes and management's responsiveness to the Audit Committee's findings and recommendations and to the recommendations made by the external auditor.

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

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

The Remuneration & Nomination Committee

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

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

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

The members of the Remuneration & Nomination Committee as of the date hereof were: Mr. Bert De Graeve (as permanent representative of IDw Consult BVBA), chairman; Mr. Charles Bracken, and Mr. Michel Delloye (as permanent representative of Cytindus NV).

In 2014, the Remuneration & Nomination Committee met four times in the presence of the CEO (except for matters where the CEO was conflicted). Among other matters, the Committee addressed the evaluation of the functioning of the board of directors and its relation with the Senior Leadership Team, the determination of the remuneration package of the CEO, the search for new independent directors, evaluation of the candidate(s) and the proposed remuneration, the composition of the different board committees, the granting of stock options to the CEO, the granting of stock options and performance shares to the Senior Leadership Team, the granting of stock options to selected employees and the possibility to pay bonuses to employees via warrants.

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

7.5.5 Attendance

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

Name	Board of Directors (12)	Audit Committee (5)	Remuneration & Nomination Committee (4)
Frank Donck	6 (of 6) (PCM)		2 (of 2) (PCM)
Bert De Graeve (IDw Consult BVBA)	5 (of 6) CCM		2 (of 2) (CCM)
John Porter	9 (of 12)		
Michel Delloye (Cytifinance NV / Cytindus NV)	12	4 (CCM)	2 (of 2) *
Alex Brabers	6 (of 6)	3 (of 3) (PCM)	
Julien De Wilde (De Wilde J. Management BVBA)	6 (of 6)		2 (of 2)
Stéfan Descheemaeker (SDS INVEST NV)	5 (of 6)	1 (of 2)	
Charles H. Bracken	12		4
Diederik Karsten	5		
Balan Nair	3		
Manuel Kohnstamm	10		
Jim Ryan	8		
Angela McMullen	11	4	
André Sarens (Observer)	12	5	

PCM: Previous Chairman

CCM: Current Chairman

* Mr. Michel Delloye acted as chairman ad interim during the first meeting of the Remuneration & Nomination Committee after the shareholders' meeting of April 30, 2014.

7.5.6 Application of legal rules regarding conflicts of interest

During the meetings of the board of directors of February 11, 2014, March 11, 2014 and June 26, 2014, article 523 of the Belgian Company Code was applied.

At the meeting of February 11, 2014, the board of directors discussed, amongst other items, the determination of the variable remuneration for the CEO for 2013 and the determination of the realization of the

performance criteria (for 2013) for the options granted to the CEO under the CEO SOP 2013. The minutes of that meeting mention the following in this respect:

"Prior to the reporting on the discussions held within the Remuneration & Nomination Committee meeting of 11 February 2014 and deliberating and resolving on some of these items (in particular the determination of the bonus 2013 and merit of the CEO and the determination of the realization of the performance criteria (for 2013) for the options granted to the CEO under the CEO SOP 2013, John Porter (CEO and Managing

Director) informs the board of directors that he has a (potential) financial conflict of interest regarding this decision in the meaning of article 523 of the Belgian code of companies.

The CEO declares that he will inform the company's auditor of this conflict of interest. He then leaves the meeting for this specific agenda item. The Chairman also asks the other members of the senior leadership team to leave the meeting.

The Chairman of the Remuneration & Nomination Committee then reported on the discussions held within the committee meeting of 11 February 2014, whereby:

- The Committee proposed to grant a bonus (for 2013) to the CEO for a total amount of € 472,000 (being 100% of his annual remuneration pro-rated for the 9 months he has performed within the company in 2013); the Committee was of the opinion that the most significant achievement of the CEO is the fact that he has ensured a smooth transition of the CEO role and within the broader senior management team; the annual fixed remuneration of the CEO for 2014 will remain identical to the fixed remuneration in 2013, being € 630,000;
- The Committee proposed to the board of directors to conclude that the performance criteria set by the Remuneration & Nomination Committee for performance year 2013 in accordance with the provisions of the CEO Stock Option Plan (SOP) 2013 have been achieved and that therefore the first tranche of options under the CEO SOP 2013, consisting of 50,000 stock options with a current exercise price of 34.33 EUR/option, will vest on 4 July 2014.

After discussion, and upon recommendation of the Remuneration & Nomination Committee, the board of directors decided:

- to set the 2013 annual bonus for the CEO at € 472,000;
- to determine that the performance criteria for performance year 2013 under the CEO SOP 2013 have been achieved."

At the meeting of March 11, 2014, the board of directors discussed, amongst other items, the determination of the performance criteria (for 2014) for the options granted to the CEO under the CEO SOP 2014. The minutes of that meeting mention the following in this respect:

"Prior to the reporting on the discussions held within the Remuneration & Nomination Committee meeting of 11 March 2014 and deliberating and resolving on some of these items (in particular the determination of the performance criteria under the CEO SOP 2014), John Porter (CEO and Managing Director) informs the board of directors that he has a (potential) financial conflict of interest regarding this decision in the meaning of article 523 of the Belgian code of companies.

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

The Chairman of the Remuneration & Nomination Committee then reported on the discussions held within the committee meeting of 11 March 2014, whereby the Committee proposed to set the performance targets under the CEO SOP 2014 for performance year 2016 on the basis of achieving a specific Adjusted EBITDA target and achieving a stable Customer Loyalty Score vs. 2015. The Chairman of the Remuneration & Nomination Committee did remind the board of directors that the performance criteria under the CEO SOP 2014 for

performance years 2014 and 2015 are the same as under the CEO SOP 2013 for these performance years.

After discussion, and upon recommendation of the Remuneration & Nomination Committee, the board of directors decided to set the performance targets under the CEO SOP 2014 for performance year 2016 on the basis of achieving a specific Adjusted EBITDA target and achieving a stable Customer Loyalty Score vs. 2015 in accordance and fully in line with the proposal of the Remuneration & Nomination Committee.

At the meeting of June 26, 2014 (by conference call), the board of directors approved the CEO SOP 2014 bis including the performance criteria for the period starting January 1, 2014 and ending on December 31, 2016 for the stock options granted to the CEO under the CEO SOP 2014 bis. The minutes of that meeting mention the following in this respect:

"Prior to deliberating and resolving on the item of the approval of a stock option grant to the CEO, Mr. John Porter (CEO) informs the Board of Directors that he has a (potential) financial conflict of interest regarding this decision in the meaning of article 523 of the Belgian code of companies since it concerns the determination of his variable remuneration for 2014 and a possible change in his future variable compensation.

The CEO declares that he will inform the company's auditor of this conflict of interest. He then leaves the meeting (held by conference call).

The Chairman of the Remuneration & Nomination Committee then reported to the Board on the discussions held within the Remuneration & Nomination Committee immediately preceding the Board meeting concerning the variable remuneration of the CEO.

The Chairman referred to the arrangements made with the CEO at the time of his appointment regarding long term incentive (LTI) plans. It was agreed that the CEO would be eligible for annual stock option or warrant grants.

A first stock option plan was granted to the CEO in July 2013 ("CEO SOP 2013"). At the end of 2013, the company has issued an additional stock option plan for the CEO ("CEO SOP 2014 primo") which was an exceptional plan, i.e. outside the scope of the agreed annual LTI grant.

After discussion, and upon proposal of the Remuneration & Nomination Committee, the Board of Directors now unanimously decides:

- that for the coming three years (2014, 2015, 2016) the number of options to be granted annually to the CEO will be based on the counter-value of 1.75 million USD, resulting from a Black & Scholes valuation;
- that the targets for variable remuneration should be in line with the then actual business plan of the Company (in terms of EBITDA), but that a deviation of maximum 5% should be allowed for judgment by the board of directors when taking into account other relevant elements of the business (such as innovation and customer experience/loyalty) and that adjustments may be required if major exceptional events would have occurred (as approved by the board of directors);
- to endorse the terms and conditions of the CEO SOP 2014bis (as set out in Annex A);

- to set the targets for the CEO SOP 2014bis on the basis of achieving a specific Adjusted EBITDA target (IFRS) for the respective years 2014, 2015 and 2016;
- to grant a mandate to Bert De Graeve (IDw Consult bvba) and Charlie Bracken, acting jointly, (i) to finalize and approve the full text of the CEO stock option plan 2014bis, (ii) to determine the exact timing of the option grant and (iii) to determine the exercise price of the stock options in accordance with the terms and conditions of the CEO SOP 2014bis.”.

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

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

7.6 Daily management

7.6.1 General

The Chief Executive Officer (CEO) is responsible for the daily management of the Company.

The CEO is assisted by the executive management (“Senior Leadership Team”), of which he is the chairman, and that does not constitute a management committee within the meaning of article 524bis of the Belgian Company Code.

On April 1, 2013, Mr. John Porter was appointed as CEO of the Company.

On April 3, 2014, the departure of Mr. Vincent Bruyneel, Senior Vice President Strategy, Investor Relations & Corporate Communication, as of May 1, 2014 was announced. He was replaced by Mr. Dieter Nieuwdorp, who was appointed as new Senior Vice President Strategy & Corporate Development as of May 1, 2014. As of that date, Mrs. Birgit Conix is responsible for Investor Relations and Mrs. Ann Caluwaerts manages the Corporate Communication division.

Following this reorganization, the Senior Leadership Team was composed as follows as from May 1, 2014:

Name	Year of birth	Position
John Porter	1957	Chief Executive Officer
Veenod Kurup	1965	Chief Information Officer
Micha Berger	1970	Chief Technology Officer
Patrick Vincent	1963	Chief Customer Officer
Birgit Conix	1965	Chief Financial Officer
Luc Machtelinckx	1962	Executive Vice President and General Counsel
Claudia Poels	1967	Senior Vice President Human Resources
Inge Smidts	1977	Senior Vice President Residential Marketing
Martine Tempels	1961	Senior Vice President Telenet for Business
Ann Caluwaerts	1966	Senior Vice President Corporate Affairs & Communication
Dieter Nieuwdorp	1975	Senior Vice President Strategy & Corporate Development

The Chief Executive Officer is authorized to legally bind the Company acting individually within the boundaries of daily management and for specific special powers that were granted to him by the board of directors. In addition, the board of directors has granted specific powers to certain individuals within the Telenet Group. The latest delegation of powers has been published in the Annexes of the Belgian Official Journal on 9 December 2013.

7.6.2 Conflicts of interest

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

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

7.6.3 Biographies of the members of the Senior Leadership Team

The following paragraphs set out the biographical information of the current members of the Senior Leadership Team of the Company:

John Porter, Chief Executive Officer

John Porter joined Telenet as Chief Executive Officer in April 2013. He currently serves as Chairman and non-executive director on the board

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

Patrick Vincent, Chief Customer Officer

Patrick Vincent joined Telenet in September 2004 as Customer Service & Delivery Director. He is currently Chief Customer Officer in charge of residential sales and customer operations. 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 the sales divisions 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 Country Manager for Belgium and Luxembourg.

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 mixed intermunicipalities, Mr. Machtelinckx specialized in cable television legal affairs and more specifically, he played an important role in the iDTV project. In January 2007, Mr. Machtelinckx was appointed Vice President and General Counsel and as of January 2008 Senior Vice President and General Counsel. Since April 2009, Mr. Machtelinckx was appointed Executive Vice President and General Counsel. Prior to joining Telenet, Mr. Machtelinckx worked for 11 years at Esso Benelux in various legal and HR functions as well as for three years at BASF Antwerp as Legal Manager and as Communication Manager.

Claudia Poels, Senior Vice President Human Resources

Claudia Poels joined the Telenet Group in May 2008 as Vice President Human Resources. Since June 15, 2009, she joined the Senior Leadership 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. Mrs. Poels holds a Master degree in Law from KULeuven and a DEA & DESS degree in European Law from l'Université Nancy II (France).

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

Martine Tempels, Senior Vice President Telenet for Business

Martine Tempels joined the Telenet Group in January 2009. She is responsible for the Telenet Group's business-to-business division and joined the Senior Leadership Team in October 2010. Mrs. Tempels started her career at NCR (AT&T) and moved to EDS in 1996 to become Account Manager, subsequently assuming additional responsibilities as Business Unit Manager for the financial and commercial sector. In 2007, Mrs. Tempels was appointed Application Service Executive for the Northern and Central Region EMEA. Mrs. Tempels holds a Master in Business and Economics from Vrije Universiteit Brussel.

Ann Caluwaerts, Senior Vice President Corporate Affairs & Communication

Ann Caluwaerts has joined the Senior Leadership Team of the Telenet Group as of April 1, 2011, as Senior Vice President Media & Public Affairs. As of May 1, 2014, she became also responsible for the corporate communications department, as Senior Vice President Corporate Affairs & Communication. She has more than 25 years of international experience in the technology and telecom sector. Between 1996 and 2011, Mrs. Caluwaerts held several international positions within British Telecom (BT), one of the world's biggest suppliers of telecommunications solutions and services. Her latest position at BT was Senior Vice President Strategy, responsible for the transformation and strategy of BT Global Services. Mrs. Caluwaerts holds a Master in Electronic Engineering from KULeuven.

Veenod Kurup, Chief Information Officer

Veenod Kurup joined Telenet in May 2013 as Chief Information Officer and he leads Telenet's Information Technology department since that time. In May 2013, he also joined Telenet's Senior Leadership Team, reporting directly to the Company's CEO. Mr. Kurup is a cable industry veteran who held various IT, operational and engineering roles in over fourteen years with Cox Communications Inc. Before joining Telenet, Mr. Kurup worked at Gandeeva, a technology consultancy that lists Liberty Global plc among its international clients. His affinity with telecommunications, his broad technological knowledge, strategic vision and leadership qualities make him the ideal person to lead the IT team.

Micha Berger, Chief Technology Officer

Micha Berger joined the Telenet Group in July 2013 and he leads the activities of the Engineering Department, the Service Assurance Group and Mobile Services as Chief Technology Officer (CTO) since that time. As of July 1, 2013, he also joined Telenet's Senior Leadership Team, reporting directly to the Company's CEO. Mr. Berger has worked

for Liberty Global since 2006, initially as Manager of the Engineering Department at UPC Nederland. As Vice President at Liberty Global since 2010, he has been responsible for Horizon Next Generation digital TV development and product roll-out. Before these endeavors, he gained his first experience in the cable industry at HOT Israel, where he was responsible for the development of the interactive digital service platform and the roll-out of video-on-demand.

Birgit Conix, Chief Financial Officer

Birgit Conix joined Telenet as Chief Financial Officer in October 2013. Mrs. Conix has over 20 years of experience in finance across multiple industries, including fast moving consumer goods, medical devices and pharmaceuticals. Prior to joining Telenet, Mrs. Conix was Regional Head of Finance for Heineken's Western European organization and a member of Heineken's Western European Management team and Global Finance Leadership team. Prior to joining Heineken in 2011, Mrs. Conix held different top-level international positions at Johnson & Johnson in finance, strategy and business operations. Prior to Johnson & Johnson, she worked at Tenneco and Reed-Elsevier. Mrs. Conix holds a Master of Science in Business Economics from Tilburg University in the Netherlands and an MBA from the University of Chicago Booth School of Business, USA.

Dieter Nieuwdorp, Senior Vice President Strategy & Corporate Development

Dieter Nieuwdorp started his career as a lawyer with Loeff Claey's Verbeke in 1998. In 2001, he moved on to Allen & Overy. Mr. Nieuwdorp joined Telenet in 2007 and was appointed Corporate Counsel, responsible for the legal side of all M&A and other corporate transactions and partnerships of the Telenet group and he was appointed Corporate Secretary. In 2010, he became VP Corporate Counsel & Insurance and assumed additional responsibilities as head of the insurance department. As of May 1, 2014, he joined the Senior Leadership Team as Senior Vice President Strategy & Corporate Development. Mr. Nieuwdorp holds a Law degree from KULeuven and a LL.M from the University of Pennsylvania Law School.

7.7 Remuneration report

7.7.1 Remuneration of directors

The general meeting of shareholders of the Company approved the remuneration principles of the non-executive directors of the Company in its meetings of April 28, 2010 and April 24, 2013. Each non-executive director's remuneration consists of an annual fixed fee, increased with an attendance fee per attended meeting of the board of directors. All directors, except the Chief Executive Officer (CEO) and the directors appointed upon nomination of the Liberty Global Group, receive an annual fixed fee of € 45,000 each. The chairman of the board of directors receives an annual fixed fee of € 100,000. For each attended scheduled meeting of the board of directors, these directors receive an amount of € 2,500. The directors appointed upon nomination of the Liberty Global Consortium, receive an annual fixed fee of € 12,000 each. For each attended scheduled meeting of the board of directors, they receive an amount of € 2,000. The annual fixed fees are only due if the

director attends at least half of the scheduled board meetings. No additional remuneration is awarded for (attending) committee meetings. The observer to the board of directors of Telenet NV is paid in the same fashion as the independent directors of the Company.

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

For the year 2014, the aggregate remuneration of the members of the board of directors (including the observer) amounted to € 490,000 for the Company (see table below for individual remuneration).

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

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

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

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

Name	Remuneration 2014
Frank Donck (PCM)	€ 57,500
Bert De Graeve (IDw Consult BVBA) (CCM)	€ 62,500
John Porter	-
Michel Delloye (Cytindus NV)	€ 67,500
Alex Brabers	€ 30,000
Julien De Wilde (De Wilde J. Management BVBA)	€ 30,000
Stéfan Descheemaeker (SDS INVEST NV)	€ 35,000
Charles H. Bracken	€ 30,000
Diederik Karsten	€ 22,000
Manuel Kohnstamm	€ 28,000
Balan Nair	€ 6,000
Jim Ryan	€ 26,000
Angela McMullen	€ 28,000
André Sarens (*)	€ 67,500

PCM: Previous Chairman - in function until 30/04/2014
CCM: Current Chairman - in function as of 30/04/2014
(*) Observer

The Company expects the remuneration principles of the directors of

the Company for the next two financial years to be consistent with the current remuneration policy.

7.7.2 Remuneration of Executive Management (Senior Leadership Team)

1. General remuneration principles

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

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

Performance management and the achievement of results is another anchoring element in the Company's total rewards strategy: the vast majority of its employees are evaluated on and rewarded according to (1) the achievement of individual and/or corporate objectives and (2) individual performance being in line with the Telenet Competence and Leadership Model. Throughout the Company's remuneration policy, customer loyalty (measured by means of a Customer Loyalty Score – see further below) plays a pivotal role.

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

2. Remuneration principles for executive management (Senior Leadership Team)

a) General

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

The SVP Human Resources prepares a proposal for determining the remuneration principles and remuneration level of the members of the executive management ("Senior Leadership Team") (other than the CEO) for submission to the Remuneration & Nomination Committee. The Remuneration & Nomination Committee discusses (and possibly

amends) the proposal and submits it for approval to the board of directors.

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

Each member of the Senior Leadership Team is remunerated by taking into account (i) his/her personal functioning and (ii) pre-agreed (company-wide and individual) targets. For 2014, 50% of management's bonuses (other than the CEO) depend on financial and operational targets, the other 50% on individual and departmental objectives. The functioning of each member of the Senior Leadership Team is assessed on the basis of the Telenet Competence and Leadership Model.

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

The Performance Shares Plan 2014 for members of the Senior Leadership Team contains a provision regarding "claw back" of variable remuneration granted in case of restatement of the Company's financial statements. None of the Company's other share-based compensation plans, including those with the CEO, have such claw-back features.

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

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

The Company expects the remuneration principles of the members of the Senior Leadership Team of the Company for the next two financial years to be consistent with the current remuneration policy.

b) Remuneration principles for the CEO

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

The variable cash remuneration of the CEO is based on his general performance over the year. Every year, the Remuneration & Nomination Committee formulates a bonus and merit proposal for approval by the board of directors. For 2014, the Remuneration & Nomination Committee proposed to the board of directors (i) to grant a cash bonus to the CEO for 2014 equal to € 472,500; (ii) to determine his fixed compensation for 2015 to be € 630,000 on an annual basis; (iii) to determine the maximum cash bonus for 2015 to be 100% of the 2015 annual fixed compensation.

The CEO is eligible for share-based remuneration. For details on the share-based remuneration of the CEO (including the share-based remuneration received in 2014), please see section 3.b) below.

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

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

The agreements with the members of the Senior Leadership Team (excluding the CEO) do not contain specific references to the criteria to be taken into account when determining variable remuneration, which deviates from provision 7:17 of the Belgian Corporate Governance Code 2009. The Company sets out the principles of variable remuneration in a general policy because it believes that there should be sufficient flexibility in the determination of the variable remuneration principles that allows for the consideration of prevailing market circumstances.

The variable cash remuneration depends on performance criteria relating to the respective financial year. With respect to the bonus for each member of the Senior Leadership Team (excluding the CEO) for performance year 2014, 50% was linked to the Company's financial and operational targets, the other 50% to individual and departmental objectives. Upon advice of the CEO, the Remuneration and Nomination Committee decides on the achievement of the performance criteria of each member of the Senior Leadership Team as leader of their department and as an individual.

For 2014, the board of directors approved to grant a total variable remuneration package to the members of the Senior Leadership Team (excluding the CEO) and one other manager, composed of a cash bonus and performance shares (the "2014 Telenet Performance Shares"). These performance shares will only be definitively acquired by the beneficiaries after a period of three years, subject to the achievement of certain performance criteria over those three years. These performance shares are contractual rights to receive, subject to certain performance based criteria, existing ordinary shares for free from the Company.

In addition, the payout of the cash bonus to members of the Senior Leadership Team (excluding the CEO) will be linked to meeting certain predetermined performance criteria over a one-year period. When these performance criteria are met, the acquired cash bonus will be paid out in the year following the performance year (and no longer be deferred over a period of 3 years as was the case until 2013). All performance criteria will be determined by the CEO and the Remuneration & Nomination Committee and validated by the board of directors.

The members of the Senior Leadership Team (excluding the CEO) are eligible for share-based remuneration. For details on the share-based remuneration of the members of the Senior Leadership Team (including the share-based remuneration received in 2014), please see section 4.b) below.

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

3. Remuneration CEO

a) Cash-based remuneration

The Company's Chief Executive Officer, Mr. John Porter, was granted the following remuneration in 2014: (i) a fixed remuneration of € 630,000, (ii) a variable remuneration of € 472,500, and (iii) benefits in kind valued at € 108,232. As mentioned in section 7.7.1, the CEO is not remunerated for the exercise of his mandate as director of the Company or any other Telenet companies.

The relative percentage mix of these components is: fixed remuneration 52.03%, variable remuneration 39.03% and benefits in kind 8.94%.

This cash-based variable remuneration, together with the relevant part of the share-based variable remuneration under the CEO SOP 2013, the CEO SOP 2014 and the CEO SOP 2014 bis (see below), constitutes the total variable remuneration of the CEO for purposes of the Law of April 6, 2010, as approved by the general shareholders' meeting of April 27, 2011.

The benefits in kind include insurances for medical costs, life and disability, a company car, school fees for his children, travel allowance and an allocation allowance, up to certain maximum annual amounts. The CEO further receives a price concession with respect to Telenet products and services he orders.

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

b) Share-based remuneration

The Company's CEO did not receive shares or warrants of the Company during the last financial year.

On July 4, 2013, Mr. Porter received 200,000 stock options under the CEO Stock Option Plan 2013 ("CEO SOP 2013"). These stock options are of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is five years, such that, all of the stock options granted under the CEO SOP 2013 have an expiration date of July 4, 2018. The stock options vest in three installments, on July 4, 2014, July 4, 2015 and July 4, 2016, respectively, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2013, become exercisable during defined exercise periods as from July 4, 2016.

The exercise price of these stock options is equal to € 34.33.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, a de-listing of the Company or the start of a squeeze-out offer in relation to the shares of the Company, all stock options vest immediately and automatically.

The shares that can be acquired upon the exercise of the stock options are furthermore subject to the following retention features (applicable to each separate exercised tranche): (i) in the 90 days following the exercise of the stock options, the respective shares can only be sold up to an amount required to recover the tax and exercise price related to

the exercised stock options, (ii) in the subsequent period of 270 days, a maximum of 50% of the remaining shares acquired upon the exercise of the respective stock options may be sold, and (iii) the balance of the shares may only be sold following the end of the 18th month following the month in which the respective exercise period ended.

The performance based conditions relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis, the customer loyalty/satisfaction achieved by the Telenet Group and the product and services innovation within the Telenet Group. On February 11, 2014, the Remuneration & Nomination Committee determined that these performance criteria had been achieved for 2013, which resulted in the vesting of a first installment of 50,000 stock options on July 4, 2014. On February 10, 2015, the Remuneration & Nomination Committee determined that the performance criteria had also been achieved for 2014, which results in the vesting of a second installment of 100,000 stock options on July 4, 2015.

On November 8, 2013, Mr. Porter received 185,000 stock options under the CEO Stock Option Plan 2014 ("CEO SOP 2014"). These stock options are of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is seven years, such that all of the stock options granted under the CEO SOP 2014 have an expiration date of June 26, 2020. The stock options vest in two installments, on respectively June 26, 2016 and on March 1, 2017, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2014 become exercisable during defined exercise periods following June 26, 2016.

The exercise price of these stock options is equal to € 38.88.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, a de-listing of the Company or the start of a squeeze-out offer in relation to the shares of the Company, all stock options vest immediately and automatically.

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

The performance based conditions for the first installment of 138,750 stock options relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis and the customer loyalty/satisfaction achieved by the Telenet Group over the period January 1, 2014 through December 31, 2014 and the period January 1, 2015 through December 31, 2015; the performance based conditions for the second installment of 46,250 stock options relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis and the customer loyalty/satisfaction achieved by the Telenet Group over the period January 1, 2016 through December 31, 2016. On February 10, 2015, the Remuneration & Nomination Committee

determined that the performance criteria had been achieved for 2014.

On July 15, 2014, Mr. Porter received 180,000 stock options under the CEO Stock Option Plan 2014 bis ("CEO SOP 2014 bis"). These stock options are options of a contractual nature to acquire existing shares, giving the CEO the right to acquire existing shares of the Company, on a one to one basis.

The term of the stock options is five years, such that all of the stock options granted under the CEO SOP 2014 bis have an expiration date of July 15, 2019. The stock options vest in three installments, on July 15, 2015, July 15, 2016 and July 15, 2017, respectively, subject to the achievement of certain performance criteria. All stock options that vest pursuant to the CEO SOP 2014bis become exercisable during defined exercise periods as from July 15, 2017.

The exercise price of these stock options is equal to € 39.38.

The vesting is performance based. The annual performance based vesting conditions were determined by the Remuneration & Nomination Committee, in consultation with the CEO. Upon a change of control over the Company, a de-listing of the Company or the start of a squeeze-out offer in relation to the shares of the Company, all stock options vest immediately and automatically.

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

The performance based conditions relate to the Adjusted EBITDA of the Telenet Group on a consolidated basis. On February 10, 2015, the Remuneration & Nomination Committee determined that the performance criteria had been achieved for 2014, which results in the vesting of a first installment of 45,000 stock options on July 5, 2015.

During 2014, the CEO did not exercise any stock options nor were any of his stock options forfeited.

As of December 31, 2014, Mr. Porter had been granted the following stock options:

Name Plan	Number of stock options outstanding	Exercise price	Vesting	Expiration date
CEO SOP 2013				
first installment	50,000	€ 34.33	July 4, 2014	July 4, 2018
second installment	100,000	€ 34.33	July 4, 2015	July 4, 2018
third installment	50,000	€ 34.33	July 4, 2016 (*)	July 4, 2018
CEO SOP 2014				
first installment	138,750	€ 38.88	June 26, 2016 (*)	June 26, 2020
second installment	46,250	€ 38.88	March 1, 2017 (*)	June 26, 2020
CEO SOP 2014 bis				
first installment	45,000	€ 39.38	July 15, 2015	July 15, 2019
second installment	67,500	€ 39.38	July 15, 2016 (*)	July 15, 2019
third installment	67,500	€ 39.38	July 15, 2017 (*)	July 15, 2019

(*) Vesting subject to achievement of performance based conditions in previous financial year/years

c) Termination arrangements

Mr. John Porter has a termination arrangement in his contract with the Company, providing that in case of early termination, he is entitled to a maximum total cash remuneration equal to 12 months remuneration.

4. Remuneration Senior Leadership Team

a) Cash-based remuneration

In 2014, the aggregate remuneration paid to the other members of the Senior Leadership Team (excluding the CEO), amounted to € 5,099,991. All members of the Senior Leadership Team (excluding the CEO) have an employment agreement with Telenet NV.

This amount is composed of the following elements (for all members jointly, excluding the CEO): (i) a fixed salary of € 2,706,938, (ii) a variable salary of € 1,840,013 (constituting (a) 100% of the total cash bonus of 2014 (b) 25% of the total cash bonus of 2012, see above under 2.c) and (c) an exceptional bonus in June 2014 in aggregate € 594,000 (see below under 4.b)), (iii) paid premiums for group insurance for an amount of € 331,346 and (iv) benefits in kind valued at € 221,695. All amounts are gross without employer's social security contributions.

The members of the Senior Leadership Team (excluding the CEO) benefit from a defined benefit pension scheme. The plan is financed by both employer and employee contributions. The total service cost (without contributions of the employees) amounted to € 215,175.

The benefits in kind include insurance for medical costs, life and disability, a company car, representation allowance, luncheon vouchers and for some members housing and travel expenses.

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

The members of the Senior Leadership Team receive no benefits in cash linked to a performance period of longer than one year.

b) Share-based compensation

The members of the Senior Leadership Team (excluding the CEO) and one other manager received performance shares of the Company during 2014 (the 2014 Telenet Performance Shares). The performance target applicable to the 2014 Telenet Performance Shares is the achievement of a compound annual growth rate ("CAGR") for Adjusted EBITDA, when comparing 2016 Adjusted EBITDA to 2013 Adjusted EBITDA. A performance range of 75% to 150% of the target Adjusted EBITDA CAGR would generally result in award recipients earning between 50% to 150% of their 2014 Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The Telenet Performance Shares Plan 2014 contains a provision regarding "claw back" of variable remuneration granted in case of restatement of the Company's financial statements.

An overview of the numbers of 2014 Telenet performance shares granted in 2014 to (and accepted by) the members of the Senior Leadership Team can be found below:

Name	Number of performance shares granted and accepted
Berger Micha	2,968
Caluwaerts Ann	2,245
Conix Birgit	2,944
Kurup Veenod	2,968
Machtelincx Luc	2,568
Nieuwdorp Dieter	1,888
Poels Claudia	2,178
Smidts Inge	2,476
Tempels Martine	2,169
Vincent Patrick	2,822

It should also be noted that the 2012 Telenet Performance Shares were amended following the payment of the extraordinary dividend in 2013, whereby the number of performance shares was increased by the same factor 0.811905 as used for the amendment of warrants and stock options. As regards the Telenet Performance Shares 2011, on 14 February 2014, the Remuneration and Nomination Committee decided that the thresholds and performance criteria set forth were not met, resulting in no vesting of the performance shares. However, the Remuneration and Nomination Committee at the same meeting suggested to grant an additional cash bonus to be paid out to the SLT members given the exceptional results delivered by management in challenging times for an aggregate amount ("cost to the company") not exceeding €1,000,000. In accordance with this decision, in June 2014 an overall exceptional bonus of €594,000 was paid out (see section 4.a) above) On February 10, 2015, the board of directors determined that the performance targets applicable to the 2012 Telenet Performance Shares were met, resulting in the vesting of these performance shares on October 24, 2015.

An overview of the numbers of 2012 Telenet performance shares vested in favor of (current) members of the Senior Leadership Team can be found below:

Name	Number of 2012 performance shares vested
Caluwaerts Ann	3,743
Machtelinckx Luc	4,276
Poels Claudia	3,633
Smidts Inge	3,380
Tempels Martine	3,619
Vincent Patrick	4,696

The members of the Senior Leadership Team (excluding the CEO) did not receive any other shares of the Company during 2014, except the shares they subscribed in the framework of the Employee Share Purchase Plan 2014, at a subscription price of € 35.65 per share. An overview of the shares subscribed by members of the Senior Leadership Team can be found below:

Name	Number of ESPP 2014 shares subscribed
Berger Micha	561
Machtelinckx Luc	1,964
Nieuwdorp Dieter	701
Poels Claudia	1,739
Tempels Martine	1,740

On December 31, 2014, the current members of the Senior Leadership Team (excluding the CEO) held in aggregate 13,535 warrants under the ESOP 2007 and 138,547 warrants under the ESOP 2010. Each warrant can be exercised for one share. The vesting of these warrants occurs progressively (per quarter) over a period of four years. After vesting, the warrants can be exercised immediately.

On December 31, 2014, the current members of the Senior Leadership Team (excluding the CEO) held in aggregate 258,000 stock options under the ESOP 2013. Each stock option can be exercised for one share. The vesting of these stock options occurs progressively (per quarter) over a period of four years. The stock options become exercisable after vesting.

During 2014, the members of the Senior Leadership Team also received stock options under the Employee Stock option Plan 2014. An overview of the stock options granted to (and accepted by) the current members of the Senior Leadership Team (excluding the CEO) during 2014 can be found in the table below:

Name	Grant	Number of stock options granted	Number of stock options accepted	Exercise price
Berger Micha	ESOP 2014	35,000	35,000	€ 45.27
Caluwaerts Ann	ESOP 2014	35,000	35,000	€ 45.27
Conix Birgit	ESOP 2014	35,000	35,000	€ 45.27
Kurup Veenod	ESOP 2014	35,000	35,000	€ 45.27
Machtelinckx Luc	ESOP 2014	35,000	35,000	€ 45.27
Nieuwdorp Dieter	ESOP 2014	35,000	35,000	€ 45.27
Poels Claudia	ESOP 2014	35,000	35,000	€ 45.27
Smidts Inge	ESOP 2014	35,000	35,000	€ 45.27
Tempels Martine	ESOP 2014	35,000	35,000	€ 45.27
Vincent Patrick	ESOP 2014	35,000	35,000	€ 45.27

An overview of the warrants and stock options exercised by the members of the Senior Leadership Team (excluding the CEO) during 2014, while they were members of the Senior Leadership Team, can be found in the table below:

Name	Number of warrants/stock options exercised	Exercise Price	Plan
Berger Micha	20,000	€ 34.33	ESOP 2013 primo
Caluwaerts Ann	1,700	€ 19.37	ESOP 2010 ter
	9,000	€ 34.33	ESOP 2013 primo
Conix Birgit	12,000	€ 36.75	ESOP 2013 bis
Kurup Veenod	10,000	€ 34.33	ESOP 2013 primo
Machtelinckx Luc	33,832	€ 8.00	ESOP 2007 quater
	16,482	€ 15.21	ESOP 2010 primo
	18,000	€ 34.33	ESOP 2013 primo
Nieuwdorp Dieter (*)	7,950	€ 8.00	ESOP 2007 quater
	10,000	€ 15.21	ESOP 2007 septies
Poels Claudia	25,000	€ 15.21	ESOP 2010 primo
Smidts Inge	14,984	€ 15.21	ESOP 2010 primo
	10,000	€ 34.33	ESOP 2013 primo
Tempels Martine	8,950	€ 8.00	ESOP 2007 quater
	10,274	€ 15.21	ESOP 2010 primo
Vincent Patrick	43,907	€ 8.00	ESOP 2007 quater
	35,549	€ 15.21	ESOP 2007 septies
	15,000	€ 34.33	ESOP 2013 primo

(*) Note that Dieter Nieuwdorp prior to becoming a member of the SLT in April 2014 exercised 955 warrants/stock options under the ESOP 2007 quater

c) Termination arrangements

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

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

The employment agreements with Mrs. Martine Tempels and Mrs. Inge Smidts, all concluded when they were not yet members of the Senior Leadership Team (and before May 4, 2010, i.e. the date of entry into force of the Law of April 6, 2010), do contain specific provisions relating to early termination, although they do not contain a clause specifying that severance pay in the event of early termination should not exceed 12 months' remuneration, which for the latter point deviates from provision 7.18. of the Belgian Corporate Governance Code 2009. The

Company did not conclude a new agreement with them at the occasion of their appointment as members of the Senior Leadership Team.

The employment agreement with Mr. Dieter Nieuwdorp, concluded when he was not yet a member of the SLT (and before May 4, 2010, i.e. the date of entry into force of the Law of April 6, 2010) does not contain specific provisions relating to early termination.

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

The agreements with Mrs. Ann Caluwaerts, Mr. Veenod Kurup, Mr. Micha Berger and Mrs. Birgit Conix, all concluded after May 4, 2010, contain clauses specifying that severance pay in the event of early termination shall not exceed the maximum amount foreseen by law.

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

7.8 Audit of the company

7.8.1 External audit by statutory auditors

For details on the audit and non-audit fees paid to the auditor in 2014, we refer to note 5.28 to the consolidated financial statements of the Company.

7.8.2 Internal audit

In 2014, the Company's internal audit function was outsourced to Deloitte, which acts as the internal auditor of the Company and its subsidiaries. As of 2015, the internal audit function will be performed by the internal audit department of LG.

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

Mechelen, March 25, 2015

On behalf of the board of directors



John Porter
Chief Executive Officer



Bert De Graeve
Chairman

The background is a solid yellow color with rounded corners. In the center, there are several overlapping white scribbled circles of varying sizes and orientations, creating a dynamic, hand-drawn effect.

**Telenet Group
Holding NV
consolidated
financial
statements**

1. Consolidated statement of financial position

<i>(in thousands of euro)</i>	Note	December 31, 2014	December 31, 2013
Assets			
Non-current assets:			
Property and equipment	5.4	1,417,539	1,386,053
Goodwill	5.5	1,241,813	1,241,813
Other intangible assets	5.6	248,386	251,916
Deferred tax assets	5.14	101,984	82,117
Other assets	5.8	3,696	7,683
Total non-current assets		3,013,418	2,969,582
Current assets:			
Inventories	5.9	17,060	15,386
Trade receivables	5.7	111,665	118,670
Other current assets	5.8	77,869	83,829
Cash and cash equivalents	5.10	189,076	214,103
Total current assets		395,670	431,988
Total assets		3,409,088	3,401,570

<i>(in thousands of euro)</i>	Note	December 31, 2014	December 31, 2013
Equity and Liabilities			
Equity:			
Share capital	5.11	12,711	12,582
Share premium and other reserves	5.11	1,019,107	982,163
Retained loss	5.11	(2,394,309)	(2,465,933)
Remeasurements	5.11	(10,545)	(7,498)
Total equity attributable to owners of the Company		(1,373,036)	(1,478,686)
Non-controlling interests	5.11	10,757	8,292
Total equity		(1,362,279)	(1,470,394)
Non-current liabilities:			
Loans and borrowings	5.12	3,654,731	3,790,420
Derivative financial instruments	5.13	114,152	110,959
Deferred revenue	5.18	1,709	2,682
Deferred tax liabilities	5.14	133,448	109,436
Other liabilities	5.15	82,533	90,828
Total non-current liabilities		3,986,573	4,104,325
Current liabilities:			
Loans and borrowings	5.12	78,757	77,909
Trade payables		114,377	141,826
Accrued expenses and other current liabilities	5.17	325,190	340,558
Deferred revenue	5.18	73,048	78,985
Derivative financial instruments	5.13	28,421	39,850
Current tax liability	5.14	165,001	88,511
Total current liabilities		784,794	767,639
Total liabilities		4,771,367	4,871,964
Total Equity and liabilities		3,409,088	3,401,570

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

2. Consolidated statement of profit or loss and other comprehensive income

(in thousands of euro, except per share data)

	Note	For the years ended December 31,	
		2014	2013
Profit for the period			
Revenue	5.18	1,707,097	1,641,290
Cost of services provided	5.19	(934,808)	(994,788)
Gross profit		772,289	646,502
Selling, general and administrative expenses	5.19	(240,052)	(257,342)
Operating profit		532,237	389,160
Finance income		2,386	58,471
Net interest income and foreign exchange gain	5.20	2,386	2,183
Net gain on derivative financial instruments	5.13	-	56,288
Finance expense		(334,044)	(264,940)
Net interest expense, foreign exchange loss and other finance expense	5.20	(259,262)	(264,940)
Net loss on derivative financial instruments	5.13	(67,370)	-
Loss on extinguishment of debt	5.20	(7,412)	-
Net finance expenses	5.20	(331,658)	(206,469)
Other income		444	1
Profit before income tax		201,023	182,692
Income tax expense	5.21	(91,758)	(66,328)
Profit for the period		109,265	116,364

(in thousands of euro, except per share data)

For the years ended December 31,

	Note	2014	2013
Other comprehensive income for the period, net of income tax			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)	5.16	(2,303)	(1,454)
Deferred tax	5.14	(744)	-
Other comprehensive income for the period, net of income tax		(3,047)	(1,454)
Total comprehensive income for the period		106,962	114,910
Profit attributable to:		109,265	116,364
Owners of the Company		109,262	116,355
Non-controlling interests		3	9
Total comprehensive income for the period, attributable to:		106,962	114,910
Owners of the Company		106,959	114,901
Non-controlling interests		3	9
Earnings per share			
Basic earnings per share in €	5.22	0.94	1.02
Diluted earnings per share in €	5.22	0.94	1.00

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	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve
<i>(in thousands of euro, except share data)</i>					
January 1, 2013		113,408,536	12,331	6,084	43,818
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	-	-
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Reallocation of prior year's profit to legal reserve	5.11	-	-	-	-
Recognition of share-based compensation	5.11	-	-	-	10,547
Dividend	5.11	-	-	-	-
Proceeds received upon exercise of warrants	5.11	2,310,616	251	26,602	-
Annulment capital reduction and dividend related to own shares	5.11	-	-	-	-
Disposal of treasury shares	5.11	-	-	-	15
Total contributions by and distributions to owners of the Company		2,310,616	251	26,602	10,562
Changes in ownership interests in subsidiaries					
Capital contributions by NCI		-	-	-	-
Total transactions with owners of the Company		2,310,616	251	26,602	10,562
December 31, 2013		115,719,152	12,582	32,686	54,380

Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
70,021	(5,763)	827,427	(1,674,427)	(6,044)	(726,553)	6,166	(720,387)
-	-	-	116,355	-	116,355	9	116,364
-	-	-	-	(1,454)	(1,454)	-	(1,454)
-	-	-	116,355	(1,454)	114,901	9	114,910
2,426	-	-	(2,426)	-	-	-	-
-	-	-	-	-	10,547	-	10,547
-	-	-	(905,435)	-	(905,435)	-	(905,435)
-	-	-	-	-	26,853	-	26,853
-	-	936	-	-	936	-	936
-	50	-	-	-	65	-	65
2,426	50	936	(907,861)	-	(867,034)	-	(867,034)
-	-	-	-	-	-	2,117	2,117
2,426	50	936	(907,861)	-	(867,034)	2,117	(864,917)
72,447	(5,713)	828,363	(2,465,933)	(7,498)	(1,478,686)	8,292	(1,470,394)

Attributable to equity holders of the Company	Note	Number of shares	Share capital	Share premium	Equity-based compensation reserve
<i>(in thousands of euro, except share data)</i>					
January 1, 2014		115,719,152	12,582	32,686	54,380
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	-	-
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Reallocation of prior year's profit to legal reserve	5.11	-	-	-	-
Recognition of share-based compensation	5.11	-	-	-	8,311
Cost of equity transaction	5.11	-	-	-	-
Own shares acquired	5.11	-	-	-	-
Own shares sold	5.11	-	-	-	-
Obligation to acquire own shares	5.11	-	-	-	-
Proceeds received upon exercise of warrants and options	5.11	836,237	91	10,345	-
Issuance of share capital through Employee Share Purchase Plan	5.11	352,650	38	12,534	-
Total contributions by and distributions to owners of the Company		1,188,887	129	22,879	8,311
Changes in ownership interests in subsidiaries					
Capital contributions by NCI		-	-	-	-
Total transactions with owners of the Company		1,188,887	129	22,879	8,311
December 31, 2014		116,908,039	12,711	55,565	62,691

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

Legal reserve	Reserve for own shares	Other reserves	Retained loss	Remeasurements	Total	Non-controlling interest	Total equity
72,447	(5,713)	828,363	(2,465,933)	(7,498)	(1,478,686)	8,292	(1,470,394)
-	-	-	109,262	-	109,262	3	109,265
-	-	-	-	(3,047)	(3,047)	-	(3,047)
-	-	-	109,262	(3,047)	106,215	3	106,218
1,949	-	-	(1,949)	-	-	-	-
-	-	-	-	-	8,311	-	8,311
-	-	(33)	-	-	(33)	-	(33)
-	(48,205)	-	-	-	(48,205)	-	(48,205)
-	52,470	(427)	(26,401)	-	25,642	-	25,642
-	-	-	(9,288)	-	(9,288)	-	(9,288)
-	-	-	-	-	10,436	-	10,436
-	-	-	-	-	12,572	-	12,572
1,949	4,265	(460)	(37,638)	-	(565)	-	(565)
-	-	-	-	-	-	2,462	2,462
1,949	4,265	(460)	(37,638)	-	(565)	2,462	1,897
74,396	(1,448)	827,903	(2,394,309)	(10,545)	(1,373,036)	10,757	(1,362,279)

4. Consolidated statement of cash flows

(in thousands of euro)

	Note	For the years ended December 31,	
		2014	2013
Cash flows provided by operating activities			
Profit for the period		109,265	116,364
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.19	359,397	445,815
Gain on disposal of property and equipment and other intangible assets	5.19	(2,049)	(2,942)
Income tax expense	5.21	91,758	66,328
Decrease in allowance for bad debt	5.7	(1,397)	(1,549)
Net interest income and foreign exchange gain	5.20	(2,386)	(2,183)
Net interest expense, foreign exchange loss and other finance expense	5.20	259,262	264,940
Net loss/(gain) on derivative financial instruments	5.13 & 5.20	67,370	(56,288)
Loss on extinguishment of debt	5.20	7,412	-
Other income		(444)	(1)
Share based payments	5.19	8,311	10,547
Change in:			
Trade receivables		8,402	(6,591)
Other assets		(3,784)	(4,156)
Deferred revenue		(6,910)	(2,462)
Trade payables		(25,749)	(6,374)
Other liabilities		(9,279)	(1,700)
Accrued expenses and other current liabilities		(39,272)	9,351
Interest paid		(236,978)	(239,573)
Interest received		519	1,073
Income taxes paid		(11,843)	(53)
Net cash provided by operating activities		571,605	590,546

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

(in thousands of euro)

For the years ended December 31,

Note	2014	2013
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Cash flows used in investing activities

Purchases of property and equipment		(210,884)	(256,647)
Purchases of intangibles		(110,873)	(110,563)
Acquisitions of subsidiaries and affiliates, net of cash acquired		(75)	(447)
Proceeds from sale of property and equipment and other intangibles		3,237	3,884
Purchases of broadcasting rights for resale purposes		(11,301)	(25,608)
Proceeds from the sale of broadcasting rights for resale purposes		11,301	25,608
Net cash used in investing activities		(318,595)	(363,773)

Cash flows used in financing activities

Repayments of loans and borrowings	5.12	(728,756)	(7,400)
Proceeds from loans and borrowings	5.12	573,683	-
Payments of finance lease liabilities		(35,428)	(31,248)
Payments for debt issuance costs		(12,773)	(374)
Payments for early termination of derivative financial instruments	5.13	(75,548)	-
Payments for other financing activities		-	(3,793)
Repurchase of own shares	5.11	(48,205)	-
Sale of own shares	5.11	25,643	65
Proceeds from exercise of options and warrants	5.11	10,436	26,853
Proceeds from capital transactions with equity participants		344	2,094
Proceeds from issuance of share capital through Employee Share Purchase Plan	5.11	12,572	-
Payments related to capital reductions and dividends	5.11	(5)	(905,167)
Net cash used in financing activities		(278,037)	(918,970)
Net decrease in cash and cash equivalents		(25,027)	(692,197)

Cash and cash equivalents:

at January 1	5.10	214,103	906,300
at December 31	5.10	189,076	214,103

5. Notes to the consolidated financial statements for the year ended December 31, 2014

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

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

5.1.2 Basis of preparation

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

5.1.3 Functional and presentation currency

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

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with EU IFRS requires the use of certain critical accounting estimates and

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

- note 5.3.6: Financial instruments: fair values
- 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

A number of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Company uses market observable data to the extent available.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the fair value techniques, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For further information about the assumptions made in measuring fair values we refer to note 5.3.6 Financial Instruments and note 5.11.2 Employee share based compensation.

5.1.5 Going Concern

The consolidated financial statements as of December 31, 2014 showed a negative consolidated equity amounting to € 1,362.3 million, mainly as a result of the Company's historical shareholder disbursements policy, including various capital reductions.

The Company considers its most optimal equity structure on a consolidated level, based on a certain net leverage range as described in note 5.3.5, even in case of a negative equity on a consolidated level.

The statutory annual accounts of Telenet Group Holding NV as of and for the year ended December 31, 2014 presented a positive equity of € 4,357.6 million compared to € 4,502.9 million at December 31, 2013. This positive equity is a result of the 2013 contribution in kind by Telenet Group Holding NV of its shares of Telenet NV in its wholly owned subsidiary Telenet Service Center BVBA. In contrast to its statutory annual accounts, the Company's consolidated statement of financial position does not reflect that particular transaction, which was carried out at fair value. This is one of the main reasons why the Company's consolidated equity remained negative at December 31, 2014.

The board of directors has considered the Company's net equity position 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;
- maturities of financial obligations as disclosed in note 5.3.3.

5.1.6 Approval by board of directors

These consolidated financial statements were authorized for issue by the board of directors on March 25, 2015.

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. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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, 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 being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity.

Associates and joint ventures

The Company's interest in equity-accounted investees comprises interests in associates and joint ventures.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method and are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of the equity-accounted investees, until the date on which significant influence or joint control ceases.

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 Senior Leadership Team and the board of directors.

The CEO, the Senior Leadership 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 components of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment. Cost includes expenditures that are 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 profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of property and equipment.

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

- Buildings and improvements 10-33 years
- Network 3-30 years
- Furniture, equipment and vehicles 2-10 years

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

Based on the results of the Company's periodic review of the useful lives of its assets, the Company changed the useful life for fiber network assets and associated capitalized construction costs from 20 to 30 years, prospectively as from January 1, 2013.

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 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 a component 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 component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of repairs and maintenance of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

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

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

5.2.4 Intangible assets

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

- Network user rights Life of the contractual right
- Trade name 15 years
- Customer relationships and supply contracts 5 to 15 years
- Broadcasting rights Life of the contractual right
- Software development costs 3 years
- Out of market component on future lease obligations acquired as part of a business combination 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 profit or loss and other comprehensive income as incurred.

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

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

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

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

5.2.5 Impairment of financial and non-financial assets

Financial assets

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

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

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

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

Non-financial assets

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

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

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

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

5.2.6 Acquisition accounting and goodwill

Business combinations are accounted for using the acquisition method as of 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.

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 profit or loss and other 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 profit or loss and other 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 profit or loss and other comprehensive income.

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

investment in an equity-accounted investee comprises the purchase price and other costs directly attributable to the acquisition 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 manage its exposure to certain foreign exchange risks, the Company enters into forward contracts (see below for details of the Company's accounting policies with respect to such derivative financial instruments).

5.2.8 Financial instruments

Non-derivative financial instruments

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

Cash and cash equivalents

Cash equivalents consist principally of money market funds, commercial paper and certificates of deposit with remaining maturities at acquisition of 3 months or less. Except for money market funds, which are recognized at fair value with changes through the statement of profit or loss and other 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 issuance costs. Finance charges, including premiums payable on settlement or redemption and direct issuance 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 profit or loss and other 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 profit or loss and other comprehensive income.

For interest rate derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity in the consolidated statement of cash flows.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance 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 charged to residential customers 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 revenue on completion of the installation. Due to the specific characteristics of a business transaction, upfront installation fees charged to business customers are considered part of an integrated solution. The installation is not considered to have stand-alone value and revenue from installation fees charged to business customers is recognized on a straight-line basis as the ongoing services are provided, i.e. deferred and recognized over the average customer relationship.

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. The allocation of arrangement consideration to delivered items is limited to amounts of revenue that are not contingent on the Company's future performance.

Revenue from termination fees is recognized at the time of the contract cancellation, if and only if collectability of the fee is reasonably assured. If collectability of the termination fee is not reasonably assured at the time of billing, revenue is deferred until cash is received.

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

Digital television customers may rent a set-top box from Telenet. When customers elect to change the type of set-top box that they rent from Telenet, they may be charged a swap fee. The swap to a different type of set-top box is not considered to have stand-alone value to the customer and revenue from swap fees is recognized on a straight-line basis over the shorter period of (i) the expected remaining length of the customer relationship or (ii) the useful life of the set-top box.

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

5.2.10 Operating expenses

Operating expenses consist of interconnection costs, network operations, 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 direct labor costs. Copyright and license fees paid to the holders of those 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 to those affected. 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 profit or loss and other comprehensive income over the lease period. All other leases are classified as operating lease payments and recognized in the statement of profit or loss and other 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 profit or loss and other 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 and other post-employment benefit obligations

The Company provides both defined benefit and defined contribution plans to its employees, directors and certain members of management.

For defined contribution plans, the Company pays fixed contributions into a separate entity. The Company has no obligation, beyond the average minimum guaranteed rate of return as defined by law, to pay further amounts in case the pension fund has insufficient assets to pay all employee benefits relating to current and prior service. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

As a result of the guaranteed rates of return, those plans qualify as defined benefit plans. Considering the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium and the Company's assessment that a pure application of the projected unit credit method would not lead to a true and fair view of the obligations of the company with respect to these kind of plans, the Company opted not to apply the projected unit credit method to determine the benefit obligations of these plans.

Instead the Company applied an approach whereby, for plans for which the minimum guaranteed rate of return as defined by law is not fully insured, the net liability (if any) recognized in the balance sheet is based on the potential shortfall, determined by individual plan participant, between the Company's pension obligation (based on the applicable legal minimum guaranteed return) and the accumulated contributions based on the actual credited rates of return at the balance sheet date (i.e. the net liability is based on the deficit measured at intrinsic value).

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan.

The defined benefit pension plans typically pay benefits to employees at retirement using formulas based upon years of service and compensation rates near retirement. Those schemes are generally funded by payments from the participants and the Company to insurance companies as determined by periodic actuarial calculations.

For defined benefit pension plans, 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 based on the yield at the reporting date on high quality corporate bonds (average yield on AA corporate bonds in euro, benchmarked against the iBoxx € AA Corporates index) taking into account the duration of the Company's obligations.

The net defined benefit liability/(asset) recognized in the balance sheet corresponds to the difference between the defined benefit obligation and the plan assets. In case of a surplus, the net defined benefit (asset) is limited to the present value of future economic benefits available in the form of a reduction in contributions or a cash refund.

Remeasurements of the net defined benefit liability/(asset), which comprise actuarial gains and losses on the defined benefit obligation, the return on plan assets (excluding interest income) and changes in the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI).

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense is recognized in profit or loss.

Past service cost resulting from plan amendments or curtailments is recognized immediately in profit or loss.

The Company also provides post-retirement health care benefits to certain employees. 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.

Other long term employee benefit obligations

The Company provides long term service awards to its employees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognized immediately in profit or loss.

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 share-based payments 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 profit or loss and other 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 expenditures 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, changes in the fair value of financial instruments and net gains on financial instruments. Interest income is recognized as it accrues in the statement of profit or loss and other comprehensive income, using the effective interest method.

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

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

5.2.18 Customer acquisition costs

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

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

Cash incentives given to customers are not viewed as customer 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 Changes in accounting policies

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014.

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*
- IAS 28 *Investments in Associates and Joint Ventures (2011)*

- *Amendments to IAS 36 Impairment of assets – Recoverable Amount Disclosures for Non-Financial Assets*
- *Amendments to IFRS 2 Definition of Vesting Condition*
- *Amendments to IFRS 3 Accounting for Contingent Consideration in a Business Combination*

The adoption of these standards and amendments did not have a material impact on the Company's financial position, statement of profit or loss and other comprehensive income or cash flows.

Subsidiaries

Subsidiaries are entities controlled by the Company.

As a result of IFRS 10, the Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

Joint arrangements

As a result of IFRS 11, the Company has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Company has classified its interests in joint arrangements as either joint operations (if the Company has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Company has rights only to the net assets of an arrangement). When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

Interests in equity-accounted investees

As the Company already applied equity method accounting for its interests in associates and joint ventures under IAS 31, the adoption of IFRS 11 had no material impact on the Financial Statements.

5.2.20 Forthcoming requirements

Standards, annual improvements, amendments and interpretations to existing standards that are not yet effective for the year ended December 31, 2014 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 on or after January 1, 2015, or later periods, but the Company has not early adopted them. The adoption of these standards, amendments and interpretations, except for IFRS 15, is not expected to have a material impact on the Company's financial result or financial position:

IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018).

IFRS 15 Revenue from Contracts with Customers, issued by the IASB in May 2014, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This standard would be effective for annual periods beginning on or after January 1, 2017, but has not yet been endorsed by the EU. The Company is currently evaluating the effect that IFRS 15 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016).

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016).

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation. These amendments would be effective for annual periods beginning on or after January 1, 2016, but have not yet been endorsed by the EU.

Amendments to IAS 19 Employee benefits – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after January 1, 2015) introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties.

5.3 Risk management

5.3.1 General

The Company is exposed to various risks within the context of its normal business activities, which could have a material adverse impact on its business, prospects, results of operations and financial condition. Therefore, controlling these risks is very important for the management of the Company. To support its growth and help the management and the Audit Committee to deal with the challenges the Company faces, the Company has set up a risk management and internal control system. The purpose of the internal control and risk management framework is to enable the Company to meet its objectives. The most important components of this system are described in our Corporate Governance Statement under 7.4 Internal control and risk management systems.

The Company conducts its business in a rapidly changing environment that gives rise to numerous risks and uncertainties that it cannot control. Please refer to 3 Risk factors for more detailed information.

Telenet is involved in a number of legal procedures risen in the normal course of operations, as Telenet operates within a highly competitive environment. Legal proceedings may arise in connection with such as intellectual property, advertising campaigns, product offerings and acquisition opportunities. Telenet discusses in note 5.24.1 certain procedures, which are still pending and to which the Company is involved. Outside the procedures described in note 5.24.1, Telenet does not expect the legal proceedings in which it is a party or by which it is

threatened to have a material adverse effect on the activities or consolidated financial position. However, the Company notes that the outcome of legal proceedings can be extremely difficult to predict, and Telenet offers therefore no guarantees.

Identification of risks

In the risk identification process, Telenet takes a broad range of risks into account that could have a current and/or future impact on the Company. The Senior Leadership Team monitors the most important identified risks on a quarterly basis. The risks are first listed according to importance, and are then mapped on the basis of the category (A), the owner (B) and the control measures (C).



A. Telenet distinguishes the following categories:

- Corporate governance
- Customer satisfaction
- Customer support
- External Factors
- Finance
- HR
- Innovation
- IT and network operations
- Legislation and regulations

- Marketing/Communication
- Network technology
- Outsourcing
- Production life cycle management
- Reporting
- Sales
- Security
- Strategy
- Suppliers
- Other

B. The risk owner has the following responsibilities:

- Defining how the risk should be monitored, in other words making a decision regarding the risk management measures;
- Identifying gaps in the supervision (lack of control, set-up/ implementation of control);
- Supporting and monitoring the implementation of action plans;
- Re-evaluating the risk coverage on a regular basis.

C. Risks can be accepted, mitigated, avoided or transferred:

- Risk management measures are documented and, in the case of risk mitigation, it may be necessary to define action plans in order to enhance the control;
- Action plans are documented in the risk management measures that clearly indicate who/what/when;
- The risk management measures include a target date for all action plans.

The following items are reviewed in terms of the follow-up on the action plans:

- Progress status
 - Not yet started
 - Under development
 - Completed
 - Removed (the reason for removing an action plan must be provided)
- Follow-up
 - Per quarter for each of the main risks for Telenet
 - Annually for other risks that have been assessed as relevant
- Progress assessment

The use of a centralized risk register incorporating all information relating to any relevant risk simplifies the analysis of the correlation between the registered risks, the determination of the priority of the risk management measures and the identification of the synergy between the risk management actions.

5.3.2 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 and parts of Luxembourg. 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.

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

Quantitative disclosures

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

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Cash and cash equivalents (including money market funds, certificates of deposits)	189,076	214,103
Trade receivables	113,626	122,028
Derivative financial instruments	9	66
Receivables from sale of sports broadcasting rights	3,465	15,805
Outstanding guarantees to third parties for own liabilities (cash paid)	888	2,165
Total	307,064	354,167

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

5.3.3 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 5.24.1. Telenet's ability to service its debt and to fund its ongoing operations will depend on its ability to generate cash. Although the Company anticipates generating positive cash flow after deducting interest and taxes, the Company cannot assure that this will be the case. The Company may not generate sufficient cash flow to fund its capital expenditures, ongoing operations and debt obligations.

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

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

For the year ended December 31, 2013, no additional financing or refinancing activities occurred.

In March 2014, the Company announced an extension offer for Term Loans Q, R and T under its existing 2010 Amended Senior Credit Facility and the redemption of the Senior Secured Notes due 2016. As a result of the aforementioned refinancing, which was completed in April 2014, the Company issued a new € 474.1 million floating rate Term Loan under the 2010 Amended Senior Credit Facility ("Term Loan W") due June 30, 2022 carrying a margin of 3.25% over Euribor. In addition, the Company issued a new € 882.9 million floating rate Term Loan under the 2010 Amended Senior Credit Facility ("Term Loan Y") due June 30, 2023 carrying a margin of 3.50% over Euribor. The net proceeds of these new issuances, together with available cash and cash equivalents, were used to fully redeem the outstanding amounts under Term Loans Q, R and T and the € 100.0 million Senior Secured Notes due 2016. As a result, the

Company does not have any maturities of its outstanding debt prior to November 2020.

In addition, as part of the aforementioned refinancing, the Company also launched an extension process for its existing Revolving Facility ("Facility S") with maturity December 31, 2016 carrying a margin of 2.75% over Euribor. Lenders under the Revolving Facility were asked to renew and extend their commitments into a new Revolving facility ("Facility X") with maturity September 30, 2020 carrying a margin of 2.75% over Euribor. As a result, the Company now has full access to a committed Revolving Facility of € 322.9 million, being € 36.9 million under "Facility S" (with availability up to December 31, 2016) and € 286.0 million under "Facility X" (with availability up to September 30, 2020).

The 2010 Amended Senior Credit Facility is discussed in greater detail in note 5.12.1 and 5.12.2 of the consolidated financial statements of the Company.

In order to manage its exposure to floating rate debt, the Company entered into interest rate cap, collar and swap contracts for a total nominal amount of € 2.7 billion at December 31, 2014 (2013: € 3.3 billion).

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

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

A minimum level of cash and cash equivalents is maintained in order to meet unforeseen cash expenses. The Company's funding requirements and funding strategy are 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, 2014 and 2013 were as follows:

Situation as per December 31, 2014
(in thousands of euro)

Contractual obligations	Total	Payments due by period					
		Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Long term debt ^{(1) (3)}	4,854,119	168,237	168,207	167,830	167,626	176,933	4,005,286
Finance lease obligations ^{(1) (3)}	492,067	58,466	57,217	55,737	52,944	44,297	223,406
Operating lease obligations	42,788	20,087	8,706	6,391	2,992	1,833	2,779
Other contractual obligations ⁽²⁾	1,303,129	190,146	156,714	97,754	48,004	44,541	765,970
Interest Rate Derivatives ⁽³⁾	205,617	25,895	27,064	26,569	24,494	24,494	77,100
Accrued expenses and other current liabilities ⁽⁴⁾	248,329	248,329	-	-	-	-	-
Trade payables	114,377	114,377	-	-	-	-	-
Total contractual obligations	7,260,426	825,537	417,908	354,281	296,060	292,098	5,074,541

Situation as per December 31, 2013
(in thousands of euro)

Contractual obligations	Total	Payments due by period					
		Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
Long term debt ^{(1) (3)}	4,986,518	179,487	179,284	278,418	598,357	333,356	3,417,616
Finance lease obligations ^{(1) (3)}	478,764	56,381	52,702	51,456	50,164	47,559	220,502
Operating lease obligations	40,743	19,885	7,400	6,064	2,514	1,864	3,016
Other contractual obligations ⁽²⁾	1,376,988	187,539	130,440	91,341	62,784	55,452	849,432
Interest Rate Derivatives ⁽³⁾	250,540	44,032	42,315	40,866	30,514	40,680	52,133
Foreign Exchange Derivatives	31,184	31,184	-	-	-	-	-
Accrued expenses and other current liabilities ⁽⁴⁾	244,697	244,697	-	-	-	-	-
Trade payables	141,826	141,826	-	-	-	-	-
Total contractual obligations	7,551,260	905,031	412,141	468,145	744,333	478,911	4,542,699

1 Interest included.

2 Represents fixed minimum commitments under certain programming and purchase agreements, 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 the 3G spectrum (Note 5.6).

3 Contractual obligations with a floating interest rate are based on the rate outstanding as at December 31.

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

5.3.4 Market risk

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

Qualitative disclosures on foreign exchange risk

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

The Company's functional currency is the euro. However, the Company conducts, and will continue to conduct, transactions in currencies

other than the euro, particularly the US dollar. About 2.8% (2013: 4.4%) of the Company's costs of operations (primarily the costs of network hardware equipment, 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 manage 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, 2014 and 2013, are disclosed in more detail in note 5.13 to the consolidated financial statements of the Company.

Qualitative disclosures on interest rate risk

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

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

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

As of December 31, 2014, the Company carried a total debt balance (including accrued interest) of € 3,733.5 million, of which € 1,357.0 million principal amount is owed under the 2010 Amended Senior Credit Facility, € 1,200.0 million principal amount is related to the three Notes issued in 2010 and 2011, and € 700.0 million principal amount relates to the Senior Secured Fixed Rate Notes due 2022 and 2024 issued in August 2012. The Company's total debt balance at December 31, 2014 also included € 38.5 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, 2014, fixed interest rates applied to 51.9% of the Company's total debt (2013: 52.4%).

As referred to above, the outstanding interest rate derivatives as of December 31, 2014 and 2013, are disclosed in more detail in note 5.13 to the consolidated financial statements of the Company.

Quantitative disclosures

Interest rate sensitivity testing

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

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

<i>(in thousands of euro)</i>	2014		2013	
	+0,25%	-0,25%	+0,25%	-0,25%
Interest				
2010 Amended Senior Credit Facility	(3,427)	3,427	(3,512)	3,512
Senior Secured Floating Rate Notes	(1,011)	1,011	(1,011)	1,011
Finance leases	(10)	10	(18)	18
Interest rate derivatives	(4,422)	4,422	(4,575)	4,575
	(8,870)	8,870	(9,116)	9,116
Changes in fair value				
Swaps	31,455	(31,455)	16,397	(16,397)
Caps	51	(4)	56	(26)
Collars	3,233	(4,333)	7,233	(7,971)
	34,739	(35,792)	23,686	(24,394)
Total	25,869	(26,922)	14,570	(15,278)

The following table summarizes the Company's interest obligations under the outstanding floating rate indebtedness and interest rate derivatives. The amounts generated from this sensitivity analysis are

forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets.

Interest payments due by period						
<i>Situation as per December 31, 2014</i>						
+0.25% (in thousands of euro)	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan W	16,910	16,956	16,910	16,910	16,910	42,252
2010 Amended SCF Term Loan Y	33,730	33,823	33,730	33,730	33,730	118,010
€400 million Senior Secured Notes due 2021	17,046	17,092	17,046	17,046	17,046	25,592
Finance Lease	12	8	4	-	-	-
Interest Derivatives	21,825	22,654	22,147	20,102	20,102	64,926
Total	89,523	90,533	89,837	87,788	87,788	250,780
<i>Situation as per December 31, 2014</i>						
-0.25% (in thousands of euro)	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan W	14,507	14,546	14,507	14,507	14,507	36,247
2010 Amended SCF Term Loan Y	29,254	29,335	29,254	29,254	29,254	102,350
€400 million Senior Secured Notes due 2021	15,018	15,059	15,018	15,018	15,018	22,547
Finance Lease	2	1	1	-	-	-
Interest Derivatives	29,965	31,474	30,991	28,887	28,887	89,904
Total	88,746	90,415	89,771	87,666	87,666	251,048
<i>Situation as per December 31, 2013</i>						
+0.25% (in thousands of euro)	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan Q	16,318	16,318	16,363	9,478	-	-
2010 Amended SCF Term Loan R	33,272	33,272	33,363	33,272	33,272	19,325
2010 Amended SCF Term Loan T	7,069	7,069	7,088	7,069	7,069	-
€400 million Senior Secured Notes due 2021	17,853	17,853	17,901	17,853	17,853	43,873
Finance Lease	33	16	11	5	-	-
Interest Derivatives	39,457	37,804	36,406	36,855	37,127	38,357
Total	114,002	112,332	111,132	104,532	95,321	101,555
<i>Situation as per December 31, 2013</i>						
-0.25% (in thousands of euro)	Less than 1 year	2 years	3 years	4 years	5 years	After 5 years
2010 Amended SCF Term Loan Q	14,133	14,133	14,172	8,209	-	-
2010 Amended SCF Term Loan R	29,223	29,223	29,303	29,223	29,223	16,973
2010 Amended SCF Term Loan T	6,182	6,182	6,199	6,182	6,182	-
€400 million Senior Secured Notes due 2021	15,825	15,825	15,868	15,825	15,825	38,890
Finance Lease	12	6	4	2	-	-
Interest Derivatives	48,608	46,826	45,327	44,781	44,098	45,435
Total	113,983	112,195	110,873	104,222	95,328	101,298

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

Foreign currency sensitivity testing

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

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

<i>December 31, 2014</i>				Gain / (loss) in thousands of euro			
	Foreign currency	Amount in foreign currency		10% increase		10% decrease	
Trade payables	USD	4,540	(417)	On profit or loss	341	On profit or loss	
	GBP	(4)	1	On profit or loss	(1)	On profit or loss	

<i>December 31, 2013</i>				Gain / (loss) in thousands of euro			
	Foreign currency	Amount in foreign currency		10% increase		10% decrease	
Trade payables	USD	7,064	(570)	On profit or loss	466	On profit or loss	
	GBP	13	(2)	On profit or loss	1	On profit or loss	

5.3.5 Capital Risk

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

The Company monitors capital risk on the basis of the net leverage ratio. The net leverage ratio is calculated as per the 2010 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of € 195.0 million, divided by last two quarters' annualized EBITDA.

As of December 31, 2014, the outstanding balance of the Company's 2010 Amended Senior Credit Facility and outstanding cash balance resulted in a Net Total Debt to Consolidated Annualized EBITDA ratio of 3.7x compared to 4.0x at the end of December 2013. The decrease in the Company's net leverage ratio compared to year-end 2013 reflected the absence of major shareholder disbursements apart from the €48.2 million Share Repurchase Program 2014 as mentioned in

Note 5.11.1. The Company's current net leverage ratio is significantly below the covenant of 6.0x and the availability test of 5.0x.

Under the 2010 Amended Senior Credit Facility the Company has access to the additional committed Revolving Facility S of € 36.9 million and Facility X of € 286.0 million, subject to compliance with the covenants mentioned above, with availability up to and including December 31, 2016 and September 30, 2020.

5.3.6 Financial instruments: fair values

Carrying amount versus fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position and their levels in the fair value hierarchy are summarized in the table below. The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels of fair value hierarchy.

The table below does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

December 31, 2014

Note

Carrying
amount

Fair value

(in thousands of euro)

Level 1

Level 2

Level 3

Financial assets

Financial assets carried at fair value

	Note	Carrying amount	Fair value	Level 1	Level 2	Level 3
Derivative financial assets	5.13	9	9	-	9	-
Total financial assets carried at fair value		9	9	-	9	-

Financial liabilities

Financial liabilities carried at fair value

	Note	Carrying amount	Fair value	Level 1	Level 2	Level 3
Derivative financial liabilities	5.13	142,573	142,573	-	142,573	-
Total financial liabilities carried at fair value		142,573	142,573	-	142,573	-

Financial liabilities carried at amortized cost

	Note	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.12					
- 2010 Amended Senior Credit Facility		1,357,903	1,350,837	-	1,350,837	-
- Senior Secured Fixed Rate Notes		1,528,581	1,651,240	1,651,240	-	-
- Senior Secured Floating Rate Notes		400,748	403,248	403,248	-	-
- Finance lease obligations		370,427	327,426	-	327,426	-
- Clientele fee > 20 years		90,123	80,384	-	80,384	-
- 3G Mobile Spectrum		38,479	32,406	-	32,406	-
Total financial liabilities carried at amortized cost		3,786,261	3,845,541	2,054,488	1,791,053	-

December 31, 2013	Note	Carrying amount	Fair value			
(in thousands of euro)			Level 1	Level 2	Level 3	
Financial assets						
Financial assets carried at fair value						
Derivative financial assets	5.13	66	66	-	66	-
Total financial assets carried at fair value		66	66	-	66	-
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.13	150,809	150,809	-	150,809	-
Total financial liabilities carried at fair value		150,809	150,809	-	150,809	-
Financial liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.12					
- 2010 Amended Senior Credit Facility		1,405,117	1,419,561	-	1,419,561	-
- Senior Secured Fixed Rate Notes		1,629,259	1,742,262	1,742,262	-	-
- Senior Secured Floating Rate Notes		400,738	402,878	402,878	-	-
- Finance lease obligations		358,020	304,525	-	304,525	-
- Clientele fee > 20 years		83,097	64,238	-	64,238	-
- 3G Mobile Spectrum		45,879	36,845	-	36,845	-
Total financial liabilities carried at amortized cost		3,922,110	3,970,309	2,145,140	1,825,169	-

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Unobservable inputs	Inter-relationship between unobservable inputs and fair value measurements
Interest rate derivatives	Discounted cash flows: 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.	The credit risk of both the Company and the respective counterparties to the instruments.	The estimated fair value would increase (decrease) if: - the credit risk of the company were lower (higher) - the credit risk of the countercompany were higher (lower).
Foreign exchange forwards and embedded derivatives	Discounted cash flows: 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.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Loans, borrowings and finance lease liabilities: - 2010 Amended Senior Credit Facility	Market comparison technique: The fair values are based on broker quotes. The brokers providing the quotes are among the most active in the trading of the Senior Credit Facility, and regularly provide quotes to the market. No adjustments to this pricing are needed.	Not applicable.	Not applicable.
Loans, borrowings and finance lease liabilities: - Finance lease obligations - Clientele fee > 20 years - 3G Mobile spectrum	Discounted cash flows.	Discount rate.	The estimated fair value would increase (decrease) if: - the discount rate were lower (higher).

During the year ended December 31, 2014, no financial assets or liabilities measured at fair value have been transferred between the levels of fair value hierarchy.

5.4 Property and equipment

<i>(in thousands of euro)</i>	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment and vehicles	Total
Cost					
At January 1, 2013	108,389	2,326,498	131,002	50,119	2,616,008
Additions	403	-	281,575	198	282,176
Transfers	3,333	345,747	(348,798)	4,401	4,683
Disposals	-	(4,926)	-	(37)	(4,963)
Write-off of fully depreciated assets	-	(304,957)	-	(3,474)	(308,431)
At December 31, 2013	112,125	2,362,362	63,779	51,207	2,589,473
Additions	723	568	280,120	44	281,455
Transfers	4,261	270,182	(278,549)	4,106	-
Disposals	(1,506)	(2,642)	-	(35)	(4,183)
Write-off of fully depreciated assets	(399)	(197,201)	-	(4,982)	(202,582)
At December 31, 2014	115,204	2,433,269	65,350	50,340	2,664,163
Accumulated Depreciation					
At January 1, 2013	33,737	1,208,276	-	36,516	1,278,529
Depreciation charge for the year	5,791	220,469	-	5,389	231,649
Transfers	1,337	3,158	-	111	4,606
Disposals	-	(2,896)	-	(37)	(2,933)
Write-off of fully depreciated assets	-	(304,957)	-	(3,474)	(308,431)
At December 31, 2013	40,865	1,124,050	-	38,505	1,203,420
Depreciation charge for the year	6,092	238,021	-	5,065	249,178
Disposals	(784)	(2,587)	-	(21)	(3,392)
Write-off of fully depreciated assets	(399)	(197,201)	-	(4,982)	(202,582)
At December 31, 2014	45,774	1,162,283	-	38,567	1,246,624
Carrying Amount					
At December 31, 2014	69,430	1,270,986	65,350	11,773	1,417,539
At December 31, 2013	71,260	1,238,312	63,779	12,702	1,386,053
Carrying Amount of Finance Leases included in Property and Equipment					
At December 31, 2014	26,729	290,196	-	-	316,925
At December 31, 2013	29,704	273,112	-	-	302,816

The Company's accrued capital expenditures mainly consist of network growth and upgrades, as well as refurbishments and replacements of network equipment.

The Company assesses the estimated useful lives of its property and equipment each reporting period to determine whether events or circumstances warrant a revision of these estimated useful lives. Based on the results of the Company's periodic review of the useful lives of its assets, the Company changed the useful life for fiber network assets and associated capitalized construction costs from 20 to 30 years, prospectively as from January 1, 2013. No changes were necessary based on the 2014 re-assessment.

For further information regarding finance lease obligations, we refer to note 5.12.6 to the consolidated financial statements of the Company.

For further information regarding assets pledged as security, we refer to note 5.12.5.

For the year ended December 31, 2014, the Company removed € 202.6 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company (€ 308.4 million for the year ended December 31, 2013).

Disposals of property and equipment for the year ended December 31, 2014 mainly consisted of:

- Disposal of leasehold improvements with a loss on disposal equal to the remaining net book value amounting to € 0.7 million;
- Sale of hard disks from recycled HD Digicorders with a zero net book value, resulting in a gain on disposal of € 0.4 million;
- Sale of set-top boxes with a zero net book value, resulting in a gain on disposal of € 0.6 million; and
- Sale of scrap material with a zero net book value, resulting in a gain on disposal of € 1.7 million.

Disposals of property and equipment for the year ended December 31, 2013 mainly consisted of:

- Sale of hard disks from recycled HD Digicorders with a zero net book value, resulting in a gain on disposal of € 1.4 million;
- Sale of set-top boxes with a net book value of € 1.7 million, with no gain or loss on disposal; and
- Sale of scrap material with a zero net book value, resulting in a gain on disposal of € 1.1 million.

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

5.5 Goodwill

The total amount of goodwill remained unchanged during 2014 and stood at € 1,241.8 million.

The changes in the Company's goodwill for the years ended December 31, 2014 and 2013 are as follows:

<i>(in thousands of euro)</i>	
January 1, 2013	1,241,798
2013 Acquisition of subsidiaries	
- Ulana Business Management Ltd	2
- Magrina Sàrl	13
December 31, 2013	1,241,813
2014 Acquisition of subsidiaries	
December 31, 2014	1,241,813

The Company performed its annual review for impairment during the third quarter of 2014 and 2013, respectively. Goodwill was allocated to one cash generating unit. The recoverable amount of the cash generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from its continuing use (Discounted Cash Flow method). The value in use of the cash generating unit for the year ended December 31, 2014 was determined in a similar manner to the year ended December 31, 2013.

The key assumptions for the value in use calculations used to determine the recoverable amount are those regarding the discount rates and expected changes to selling prices, product offerings, direct costs, EBITDA margins and terminal growth rates. The discount rate used is a pre-tax measure estimated based on past experience, and industry average weighted cost of capital. Changes in selling practices and direct costs are based on past practices and expectations of future changes in the market. The calculation uses cash flow projections based on financial budgets approved by management, the Company's Long-Range Plan through 2019, and a pre-tax discount rate of 8.7% (10.2% for the year ended December 31, 2013) based on current market assessments of the time value of money and the risks specific to the Company. The development of the Long-Range Plan relies on a number of assumptions, including:

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

The assumptions were derived mainly from:

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

For the year ended December 31, 2014, as well as for the year ended December 31, 2013, cash flows beyond the five-year period have been extrapolated using no growth rate, based on historical data and macro-economic conditions. This growth rate does not exceed the long-term average growth rate for the industry as published periodically in the Bulletins of the European Central Bank (ECB).

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

The key assumptions used are reviewed and updated on a yearly basis by the Company's management. Taking into account the considerable excess of the cash generating unit's recoverable amount over its carrying amount, and based on sensitivity testing performed, management is of the opinion that any reasonably possible changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount at December 31, 2014.

5.6 Other intangible assets

<i>(in thousands of euro)</i>	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Subtotal	Broadcasting rights for resale purposes	Total
Cost									
At January 1, 2013	102,222	121,514	315,283	212,776	108,788	21,125	881,708	-	881,708
Additions	267	-	59,685	-	30,832	-	90,784	10,052	100,836
Disposals	-	-	(484)	-	-	-	(484)	(10,052)	(10,536)
Write-off of fully amortized assets	(267)	-	(7,671)	-	(10,568)	-	(18,506)	-	(18,506)
At December 31, 2013	102,222	121,514	366,813	212,776	129,052	21,125	953,502	-	953,502
Additions	-	-	59,476	-	46,535	-	106,011	114	106,125
Disposals	-	-	(1,463)	-	-	-	(1,463)	(114)	(1,577)
Write-off of fully amortized assets	-	-	(8,852)	-	(98,107)	-	(106,959)	-	(106,959)
At December 31, 2014	102,222	121,514	415,974	212,776	77,480	21,125	951,091	-	951,091
Accumulated Amortization									
At January 1, 2013	41,543	95,242	234,667	115,002	51,705	2,586	540,745	-	540,745
Amortization charge of the year	7,667	8,089	46,223	20,195	43,722	224	126,120	-	126,120
Disposals	-	-	(52)	-	-	-	(52)	-	(52)
Write-off of fully amortized assets	(267)	-	(7,671)	-	(10,568)	-	(18,506)	-	(18,506)
Impairment loss	53,279	-	-	-	-	-	53,279	-	53,279
At December 31, 2013	102,222	103,331	273,167	135,197	84,859	2,810	701,586	-	701,586
Amortization charge of the year	-	8,089	32,874	18,753	48,303	262	108,281	-	108,281
Disposals	-	-	(203)	-	-	-	(203)	-	(203)
Write-off of fully amortized assets	-	-	(8,852)	-	(98,107)	-	(106,959)	-	(106,959)
At December 31, 2014	102,222	111,420	296,986	153,950	35,055	3,072	702,705	-	702,705
Carrying Amount									
At December 31, 2014	-	10,094	118,988	58,826	42,425	18,053	248,386	-	248,386
At December 31, 2013	-	18,183	93,646	77,579	44,193	18,315	251,916	-	251,916

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

The Company assesses the estimated useful lives of its finite-lived intangible assets each reporting period to determine whether events or circumstances warrant a revision of these estimated useful lives. The Company changed the useful life of its software, prospectively on January 1, 2014, from 3 to 4 years based upon the outcome of the 2013 re-assessment. The assessment performed in 2014 did not result in any revision to the estimated useful lives of intangible assets.

For the year ended December 31, 2014, the Company removed € 107.0 million of gross cost and accumulated amortization related to fully amortized assets which are no longer used by the Company (€ 18.5 million for the year ended December 31, 2013). During 2011, the Company acquired the exclusive broadcasting rights associated with the Belgian football championship for three seasons from July 2011 to May 2014, as well as non-exclusive rights to certain matches for the two seasons from July 2012 to May 2014 for € 89.4 million. These intangible assets became fully amortized upon their expiration in May 2014 and are presented as a write-off of fully amortized assets in the table above.

In June 2014, the Company acquired the non-exclusive broadcasting rights of the Belgian football championship for the three seasons beginning with the 2014 – 2015 season. For the 2014-2015 season, Telenet acquired a non-exclusive license to broadcast the signal of the live matches in return for a fixed license fee. The agreement entitles the Pro League to grant the broadcasting rights via a different arrangement for the subsequent seasons. At acquisition date, the non-exclusive broadcasting rights related to the 2014-2015 season met the recognition criteria for intangible assets and were capitalized as broadcasting rights for an amount of € 31.1 million.

Following an auction launched in March 2011 by the BIPT, Telenet Tecteo BidCo NV, a subsidiary of the Company in which the Walloon cable operator Tecteo SCRL owns a 25% stake, acquired the fourth 3G mobile spectrum license in Belgium. The Company recognized the acquired spectrum as an intangible asset for an amount of € 71.5 million, equal to the net present value at the acquisition date of the yearly installments. Up until December 31, 2013, this intangible asset was being amortized on

a straight-line basis through the expiry date of the underlying license of March 15, 2021.

In December 2013, the Company's management determined that it would not be able to utilize the spectrum rights following the conclusion in the fourth quarter of 2013 of negotiations with network operators in Belgium and the absence of regulatory alternatives. This triggered an impairment test of the intangible asset related to the Company's 3G mobile spectrum license. The Company determined that the asset's value in use was zero at December 31, 2013. Further, it was the Company's assessment that there is no basis for making a reliable estimate of the asset's fair value less costs to sell. Consequently, the Company's analysis concluded that the recoverable amount of the intangible asset related to the 3G mobile spectrum was zero at December 31, 2013, and Telenet recorded an impairment charge of € 53.3 million during the fourth quarter of 2013 to reduce the carrying amount of this intangible asset to zero. On February 13, 2014, the Company notified the BIPT that it would return the acquired spectrum rights, and the Company returned these rights in June 2014.

At the time of the acquisition of the 3G mobile spectrum license, the Company opted to pay the corresponding purchase price in annual installments. At December 31, 2014, the Company had not been discharged from any part of these contractual obligations and consequently, the Company maintained the corresponding liability (€ 38.5 million) as of December 31, 2014.

Concurrently with the acquisition of the 3G mobile spectrum license, the Company also exercised its call option to acquire a certain number of 2G mobile spectrum frequencies for a total consideration of € 31.5 million, which would become available in November 2015. On December 12, 2013, the Company notified the BIPT that it will not utilize its right to use the 2G mobile spectrum frequencies. On December 15, 2014, the BIPT published the outcome of its request for offers on the 2G frequencies previously earmarked for Telenet. It is the Company's assessment that, as a result of this early notification and started re-allocation of the 2G spectrum, the Company will not be required to honor its commitment to acquire this 2G spectrum in November 2015.

For information regarding finance leases of intangible assets, see note 5.12.6 to the consolidated financial statements of the Company.

5.7 Trade receivables

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Trade receivables	113,626	122,028
Less: allowance for bad debt	(1,961)	(3,358)
Trade receivables, net	111,665	118,670

At December 31, 2014 and 2013, respectively, the aging of the Company's current trade receivables can be detailed as follows:

Past due							
<i>(in thousands of euro)</i>	Not due	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
December 31, 2014	60,394	37,110	3,865	2,141	1,612	8,504	113,626
December 31, 2013	59,309	41,222	5,029	1,743	4,526	10,199	122,028

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, 2014, a total amount of € 44.7 million (2013: € 52.5 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:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Provision for impairment of trade receivables at the beginning of the year	(3,358)	(4,907)
Additions	(2,718)	(4,310)
Reductions and write-offs	4,115	5,859
Provision for impairment of trade receivables at the end of the year	(1,961)	(3,358)

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 profit or loss and other comprehensive income. The Company does not hold any receivables in foreign currency.

5.8 Other assets

5.8.1 Non-current

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Outstanding guarantees to third parties for own liabilities (cash paid)	888	2,165
Receivables from sale of sports broadcasting rights	1,404	4,578
Investments in equity accounted investees	1,395	877
Derivative financial instruments	9	63
Other non-current assets	3,696	7,683

5.8.2 Current

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Recoverable withholding taxes	279	305
Prepaid content	7,004	6,092
Prepayments	22,900	15,044
Unbilled revenue	41,688	44,947
Receivables from sale of sports broadcasting rights	2,061	11,227
Other	3,937	6,214
Other current assets	77,869	83,829

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

The current receivables from the sale of broadcasting rights at December 31, 2013 includes € 7.5 million that relates to the Belgian football broadcasting rights. Concurrent with the acquisition of the exclusive broadcasting rights for the main fixtures of the Belgian football championship for the three seasons starting July 2011, the Company entered into agreements with various third parties for the partial or full resale of certain of these rights. Taking into account the three-year term of the contract and the deferred payment terms, the cost or cash price equivalent of the sold part of the rights was determined by means of a net present value calculation using the effective interest method by applying an incremental borrowing rate of 3.89%. This resulted in an initial aggregate receivable balance € 67.5 million. As per December 31, 2014, and 2013 no non-current receivables regarding Belgian football were outstanding.

5.9 Inventories

As of December 31, 2014, inventories amounted to € 17.1 million (2013: € 15.4 million) and consisted mainly of mobile handsets as well as tablets, HD Digiboxes, other DTV materials, wireless modems and powerline adaptors. The increase compared to the end of 2013 of € 1.7 million was mainly due to an increase in the mobile handsets inventory of € 3.1 million, an increase in the wireless modems inventory of € 0.9 million, partially compensated by a decrease in the HD Digiboxes inventory of € 3.1 million.

In 2014, inventories of € 79.3 million (2013: € 54.0 million) were recognized as an expense during the period and included in "cost of sales".

The net book value of inventories also includes inventory impairments to reduce the carrying values to the net realizable value. These inventory impairments amounted to € 0.7 million and € 1.5 million for the years ended December 31, 2014 and 2013, respectively.

5.10 Cash and cash equivalents

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Cash at bank and on hand	155,158	145,305
Certificates of deposit	33,918	68,798
Total cash and cash equivalents	189,076	214,103

On December 31, 2014, the certificates of deposit had a weighted average interest rate of 0.45% (2013: 0.35%) and an average maturity of 60 days (2013: 49 days). Cash and cash equivalents are placed with highly rated financial institutions in order to minimize the overall credit risk. The investments of our cash and cash equivalents at December 31, 2014 and 2013 were in compliance with the Company's Risk Management policies.

5.11 Shareholders' equity

5.11.1 Shareholders' equity

On December 31, 2014, Telenet Group Holding NV had the following shares outstanding, all of which are treated as one class in the earnings per share calculation:

- 116,813,166 ordinary shares (2013: 115,624,279 shares);
- 94,843 Liquidation Dispreference Shares (2013: 94,843 shares), held by Interkabel and Binan Investments B.V. (a subsidiary of Liberty Global Plc), 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 (2013: 30 shares) held by the financing intermunicipalities¹, 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, 2014, share capital amounted to € 12.7 million (2013: € 12.6 million).

Own shares

On February 13, 2014, the Company announced the initiation of a new share repurchase program, referred to as the "Share Repurchase Program 2014". Under this program, the Company could acquire from time to time up to a maximum of 1.1 million of its outstanding ordinary shares, for a maximum consideration of € 50.0 million, within the three months following February 13, 2014. The Company purchased a total of 1,100,000 shares under the Share Repurchase Program 2014, for a total amount of € 48.2 million. All repurchased shares are being held by the Company to cover the Company's obligations under existing stock option plans.

After the delivery of 1,483,974 own shares by the Company to the beneficiaries following the exercise of stock options under the SSOP 2010-2014 and the ESOP 2013 during 2014 (see below), the Company still holds 34,478 shares under the Share Repurchase Program 2014 for a total amount of € 1.4 million, representing 0.03% of the total outstanding shares as of December 31, 2014. Taking into account a par value of € 0.11

per share on December 31, 2014, this represents an amount of € 3,793 in the share capital of the company.

On December 17, 2014, the Company borrowed 200,000 shares from its majority shareholder Binan Investments B.V. under a "Stock Lending Agreement". These shares were borrowed to cover the Company's obligations under existing stock option plans.

After the delivery of 200,000 shares by the Company to the beneficiary following the exercise of stock options under the SSOP 2010-2014 on December 19, 2014, the Company holds none of the shares borrowed under this Stock Lending Agreement as per December 31, 2014. Re-measured at the closing stock quotation at year end 2014, a corresponding liability was recognized amounting to € 9.3 million (see Note 5.17).

Under the "Stock Lending Agreement", the Company has an obligation to deliver 200,000 shares to Binan Investments B.V. on or before June 15, 2015.

5.11.2 Employee share based compensation

Warrant Plan 2007 and Warrant Plan 2010

The details regarding the Warrant Plan 2007 and Warrant Plan 2010 issued by the Company with outstanding warrants as per December 31, 2014, are summarized in the table below:

Warrant Plan	Issuance of warrants		Warrants granted				Beneficiaries
	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	
Warrant Plan 2007	December 27, 2007	3,300,000	Warrant Plan 2007 septies	September 28, 2010	189,900	189,900	certain employees
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 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.

As of July 15, 2014, there were no more warrants outstanding under the Warrant Plan 2007 quater and the Warrant Plan 2007 sexesies.

Specific Stock Option Plan 2010-2014

On March 24, 2010, the board of directors approved a specific stock option plan for the former CEO for a total number of 850,000 stock options on existing shares (the Specific Stock Option Plan 2010-2014 or SSOP 2010-2014). Each of these stock options entitled 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 former CEO on September 4, 2010, who accepted this offer on October 3, 2010. After giving effect to the impact of the 2011 and 2012 capital reduction and the 2013 extraordinary dividend payment, the beneficiary held 1,342,624 stock options under the SSOP 2010-2014.

The vesting of these stock options was contingent upon the achievement of certain performance criteria. The Remuneration & Nomination Committee, in consultation with the CEO, determined for each

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

installment the performance criteria and each year the Remuneration & Nomination Committee decided whether these criteria were met.

All stock options under the Telenet Specific Stock Option Plan 2010-2014 vested and became exercisable during defined exercise periods following January 1, 2014. All options under the SSOP 2010-2014 had an expiration date of September 4, 2017. On April 16, 2014 and December 19, 2014, the beneficiary of the SSOP 2010-2014 exercised 900,000 and 442,624 respectively of his outstanding stock options under this plan, resulting in the delivery of in total 1,342,624 shares by the Company. All options under this plan were exercised prior to December 31, 2014.

Employee Stock Option Plan 2013

On April 22, 2013, the board of directors approved a general stock option plan for the employees, for a total number of 1,200,000 stock options on existing shares, under the condition of approval and within the limits of the authorized capital as approved by the general shareholders' meeting of April 24, 2013 (the Employee Stock Option Plan 2013 or ESOP 2013). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

In 2013, the board of directors authorized two grants under this plan (ESOP 2013 primo and ESOP 2013 bis) to certain beneficiaries.

The vesting of these stock options occurs per quarter and over 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

During 2014, beneficiaries of the ESOP 2013 plan exercised a total of 141,350 stock options, resulting in the delivery of a total of 141,350 own shares held by the Company.

CEO Stock Option Plan 2013

On April 22, 2013, the board of directors also approved a specific stock option plan for the Company's CEO for a total number of 200,000 options on existing shares (the CEO Stock Option Plan 2013 or CEO SOP 2013). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company. On April 24, 2013, the extraordinary shareholders' meeting of the Company approved upfront certain terms and conditions of the CEO Stock Option Plan 2013.

The grant of these 200,000 stock options, with an exercise price of € 34.33 per option, was effectively made to the CEO on July 4, 2013, who accepted this offer on October 2, 2013.

The vesting of the stock options under the CEO SOP 2013 is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of adjusted EBITDA. The Remuneration Committee, in consultation with the CEO, has determined for each installment the performance criteria on October 3, 2013, and it is the Remuneration Committee that will decide whether these criteria have been met. As the applicable performance criteria have been achieved for 2013 and 2014, the first tranche of 50,000 stock options vested on July 4, 2014 and the second tranche of 100,000 stock options will vest on July 4, 2015.

Subject to the achievement of the additional performance criteria for 2015, the last tranche of 50,000 stock options can vest on July 4, 2016.

Any stock options that vest under the CEO SOP 2013 become exercisable during defined exercise periods following July 4, 2016. All options under the CEO SOP 2013 have an expiration date of July 4, 2018.

CEO Stock Option Plan 2014

On November 8, 2013, the board of directors approved a specific stock option plan for the Company's CEO for a total number of 185,000 options on existing shares (the CEO Stock Option Plan 2014 or CEO SOP 2014). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 185,000 stock options, with an exercise price of € 38.88 per stock option, was effectively made to the CEO on November 8, 2013 and was accepted on February 5, 2014.

The vesting of the stock options under the CEO SOP 2014 is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of Adjusted EBITDA. The Remuneration Committee, in consultation with the CEO, has determined for each installment the performance criteria and it is the Remuneration Committee that will decide whether these criteria have been met.

On February 10, 2015, the Remuneration Committee decided that the applicable performance criteria for 2014 have been achieved. Subject to the achievement of the cumulative performance criteria for 2014 and 2015, as determined in the CEO SOP 2014 Plan, the first tranche of 138,750 stock options can vest on June 26, 2016 and the second tranche of 46,250 stock options can vest on March 1, 2017, subject to the achievement of the performance criteria for 2016 as determined by the Remuneration Committee.

Any stock options that vest under the CEO SOP 2014 become exercisable during defined exercise periods following June 26, 2016. All options under the CEO SOP 2014 have an expiration date of June 26, 2020.

CEO Stock Option Plan 2014 bis

On June 26, 2014, the board of directors approved a specific stock option plan for the Company's CEO for a total number of 180,000 options on existing shares (the CEO Stock Option Plan 2014 bis or CEO SOP 2014bis). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

The grant of these 180,000 stock options, with an exercise price of € 39.38 per stock option, was effectively made to the CEO on July 15, 2014, who accepted this offer on September 13, 2014.

The vesting of the stock options under the CEO SOP 2014 bis is contingent upon the achievement of certain (cumulative) performance criteria over a period of three years, including the achievement of a minimum level of Adjusted EBITDA. The Remuneration Committee, in consultation with the CEO, has determined for each installment the performance criteria on June 26, 2014, and it is the Remuneration Committee that will decide whether these criteria have been met. On February 10, 2015, the Remuneration Committee determined that the first tranche of 45,000 stock options will vest on July 15, 2015.

Subject to the achievement of the performance criteria for 2014 and 2015 as determined by the Remuneration Committee, the second tranche of 67,500 stock options can vest on July 15, 2016 and the last tranche of 67,500 stock options can vest on July 15, 2017 if the performance criteria for 2014, 2015 and 2016 are achieved.

Any stock options that vest under the CEO SOP 2014 bis become exercisable during defined exercise periods following July 15, 2017. All options under the CEO SOP 2014 bis have an expiration date of July 15, 2019.

Employee Stock Option Plan 2014

On December 5, 2014, the board of directors approved a general stock option plan for the employees, for a total number of 830,500 stock options on existing shares, under the condition of approval and within

the limits of the authorized capital as approved by the general shareholders' meeting of April 24, 2013 (the Employee Stock Option Plan 2014 or ESOP 2014). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On December 12, 2014, the board of directors authorized a grant under this plan to certain beneficiaries. On January 31, 2015, a total of 766,500 stock options were accepted.

The vesting of these stock options occurs per quarter and over 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

The details regarding the stock option plans issued by the Company are summarized in the table below:

Issuance of stock options				Stock options granted			
Stock Option Plan	Date approved by the board of directors	Total number of stock options issued	Name of the grant	Date offered	Number of stock options offered	Number of stock options accepted	Beneficiaries
Specific Stock Option Plan 2010-2014	March 24, 2010	850,000	SSOP 2010-2014	September 4, 2010	850,000	850,000	Former CEO
Employee Stock Option Plan 2013	April 22, 2013	1,200,000	ESOP 2013 primo	July 4, 2013	985,000	741,448	certain employees
			ESOP 2013 bis	October 22, 2013	58,000	58,000	certain employees
CEO Stock Option Plan 2013	April 22, 2013	200,000	CEO SOP 2013	July 4, 2013	200,000	200,000	CEO
CEO Stock Option Plan 2014	November 8, 2013	185,000	CEO SOP 2014	November 8, 2013	185,000	185,000	CEO
CEO Stock Option Plan 2014 bis	June 26, 2014	180,000	CEO SOP 2014 bis	July 15, 2014	180,000	180,000	CEO
Employee Stock Option Plan 2014	December 5, 2014	830,500	ESOP 2014	December 12, 2014	830,500	766,500	certain employees

For accounting purposes, the grant dates of all of the above mentioned grants were defined as the date the beneficiaries accepted the offer, except for the CEO SOP 2014bis, due to applicable discretion by the Remuneration & Nomination Committee to determine the performance criteria of the plan. For this plan the grant date is not deemed to be achieved and therefore the fair value of the options is re-measured periodically until the discretion clause is removed. The fair values of

the warrants and the stock options 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 (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)¹	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
Warrant Plan 2007 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 sexes 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 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 any adjustments.

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)		Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
				Initially	Adjusted				
Specific Stock Option Plan 2010-2014	October 3, 2010	10.18	24.77	23.00	14,57	36.9%	5.7 years	0.0%	2.44%
	February 23, 2011	15.31	31.39	24.00	15,20	36.9%	5.3 years	0.0%	3.62%
	February 15, 2012	11.85	28.82	25.00	15,83	32.2%	4.3 years	0.0%	2.08%
	March 14, 2013	18.24	39.13	26.00	16,46	23.3%	3.3 years	0.0%	0.33%
ESOP 2013 primo Stock Options	July 31, 2013	5.99 - 8.45	36.40	34.33	-	21.0% - 23.3%	4.4 years	0.0%	0.47% - 1.07%
ESOP 2013 bis Stock Options	November 30, 2013	7.25 - 9.81	40.50	36.75	-	20.2% - 22.6%	4.4 years	0.0%	0.36% - 0.89%
CEO SOP 2013 Stock Options	October 2, 2013	7.91 - 10.01	36.85 - 39.13	34.33	-	20.5% - 22.6%	4.0 years	0.0%	1.03% - 1.07%
CEO SOP 2014 Stock Options	February 5, 2014	12.12	44.13	38.88	-	22.3%	5.0 years	0.0%	1.05%
	March 11, 2014	12.31	45.64	38.88	-	22.2%	5.2 years	0.0%	1.06%
CEO SOP 2014 bis Stock Options	December 31, 2014 *	11.33 *	46.44 *	39.38	-	22.6% *	3.9 years *	0.0% *	0.07% *
	December 31, 2014 *	11.02 *	46.44 *	39.38	-	21.6% *	3.9 years *	0.0% *	0.07% *
	December 31, 2014 *	11.14 *	46.44 *	39.38	-	22.0% *	3.9 years *	0.0% *	0.07% *
ESOP 2014 Stock Options	January 31, 2015	8.54 - 10.57	49.21	45.27	-	20.9% - 22.1%	4.3 years	0.0% *	-0.01% - 0.00%

* The Board of Directors has significant discretion to allow a deviation of 5% on the determined absolute performance criteria. As a result, grant date is not achieved from accounting perspective and therefore is re-measured periodically until the discretion clause is removed. The assumptions included in the table above reflect the fair value calculation based on grant dates as per December 31, 2014.

Effect of extraordinary dividend payment on the outstanding options and warrants

Upon the payment of the extraordinary dividend on May 8, 2013, 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 extraordinary dividend 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 extraordinary dividend is paid (payment date).

Extraordinary dividend

	Coupon n°	Cum date	Payment date	Amount payment per share (in euro)	Adjustment factor
Extraordinary dividend 2013	7	May 2, 2013	May 8, 2013	7.90	.811905

As a result of the 2013 adjustment, fair values of the options and warrants before and after the extraordinary dividend payment remained the same for all option and warrant holders resulting in no additional

compensation expense. The aforementioned modification to the different warrant plans can be summarized as follows:

Extraordinary dividend 2013

	Outstanding number of warrants		Exercise price of the warrants (in euro)	
	before payment	after payment	before payment	after payment
Warrant Plan 2007 bis warrants	2,503	3,083	9.94	8.07
Warrant Plan 2007 quater warrants	355,568	437,944	9.85	8.00
Warrant Plan 2007 quinquies warrants	219,124	269,889	13.75	11.16
Warrant Plan 2007 sexies warrants	41,302	50,871	13.43	10.90
Warrant Plan 2007 septies warrants	131,000	161,349	18.73	15.21
Warrant Plan 2009 warrants	262,478	323,286	9.75	7.92
Warrant Plan 2010 primo warrants	604,446	744,473	18.73	15.21
Warrant Plan 2010 bis warrants	24,481	30,153	22.45	18.23
Warrant Plan 2010 ter warrants	113,236	139,469	23.86	19.37

The options under the SSOP 2010-2014 were also amended following the payment of the extraordinary dividend payment in 2013, whereby the number of options was increased and the exercise price was decreased by the same factor 0.811905.

The aforementioned modification of 2013 to the SSOP 2010-2014 option plan can be summarized as follows:

Extraordinary dividend 2013

	Number of outstanding stock options		Exercise price stock options (in euro)	
	before payment	after payment	before payment	after payment
Tranche 1	320,614	394,891	17.94	14.57
Tranche 2	256,490	315,911	18.72	15.20
Tranche 3	256,490	315,911	19.50	15.83
Tranche 4	256,490	315,911	20.27	16.46

All plans

A summary of the activity in the Company's stock option and warrant plans for the years ended December 31, 2014, and 2013 is as follows:

Outstanding options and warrants

	Number of options and warrants	Average exercise prices (in euro)
January 1, 2013	4,019,303	14.92
Granted		
Specific Stock Option Plan 2010-2014 options (Tranche 4)	256,490	20.27
Employee Stock Option Plan 2013 primo stock options	741,448	34.33
CEO Stock Options Plan 2013	200,000	34.33
Employee Stock Option Plan 2013 bis stock options	58,000	36.75
Additional issued upon plan amendment		
Additional Warrant Plan 2007 bis warrants issued upon plan amendment	580	8.07
Additional Warrant Plan 2007 quater warrants issued upon plan amendment	82,376	8.00
Additional Warrant Plan 2007 quinquies warrants issued upon plan amendment	50,765	11.16
Additional Warrant Plan 2007 sexies warrants issued upon plan amendment	9,569	10.90
Additional Warrant Plan 2007 septies warrants issued upon plan amendment	30,349	15.21
Additional Warrant Plan 2009 warrants issued upon plan amendment	60,808	7.92
Additional Warrant Plan 2010 primo warrants issued upon plan amendment	140,027	15.21
Additional Warrant Plan 2010 bis warrants issued upon plan amendment	5,672	18.23
Additional Warrant Plan 2010 ter warrants issued upon plan amendment	26,233	19.37
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 1)	74,277	14.57
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 2)	59,421	15.20
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 3)	59,421	15.83
Additional Specific Stock Option Plan 2010-2014 options issued upon plan amendment (Tranche 4)	59,421	16.46
Exercised		
Warrant Plan 2007 bis warrants exercised	(169,874)	9.91
Warrant Plan 2007 ter warrants exercised	(6,234)	10.08
Warrant Plan 2007 quater warrants exercised	(543,359)	9.52
Warrant Plan 2007 quinquies warrants exercised	(269,889)	11.16
Warrant Plan 2007 sexies warrants exercised	(55,174)	11.43
Warrant Plan 2007 septies warrants exercised	(89,500)	18.00

Warrant Plan 2008 warrants exercised	(462,252)	10.88
Warrant Plan 2009 warrants exercised	(323,286)	7.92
Warrant Plan 2010 primo warrants exercised	(333,700)	17.63
Warrant Plan 2010 bis warrants exercised	(26,088)	21.34
Warrant Plan 2010 ter warrants exercised	(31,260)	20.76
Stock option Plan 2013 primo stock options exercised	(1,900)	34.33

Forfeited

Warrant Plan 2007 sexies warrants forfeited	(665)	13.43
Warrant Plan 2010 primo warrants forfeited	(8,547)	18.12
December 31, 2013	3,612,432	20.09

Granted

CEO Stock Options Plan 2014	185,000	38.88
CEO Stock Options Plan 2014 bis	180,000	39.38

Exercised

Warrant Plan 2007 quater warrants exercised	(339,900)	8.00
Warrant Plan 2007 sexies warrants exercised	(7,161)	10.90
Warrant Plan 2007 septies warrants exercised	(104,435)	15.21
Warrant Plan 2010 primo warrants exercised	(332,429)	15.21
Warrant Plan 2010 bis warrants exercised	(17,312)	18.23
Warrant Plan 2010 ter warrants exercised	(35,000)	19.37
Specific Stock Option Plan 2010-2014 options exercised	(1,342,624)	15.46
Stock Option Plan 2013 primo stock options exercised	(127,050)	34.33
Stock Option Plan 2013 bis stock options exercised	(14,300)	36.75

Forfeited

Warrant Plan 2010 primo warrants forfeited	(493)	15.21
Warrant Plan 2010 ter warrants forfeited	(4,251)	19.37
Stock Option Plan 2013 primo stock options forfeited	(3,000)	34.33

Lapsed

Warrant Plan 2007 quater warrants lapsed	(2,155)	8.00
December 31, 2014	1,647,322	30.69

The options and warrants in the table below were exercised resulting in the receipt of payments of € 36.1 million and € 26.9 million during the years ended December 31, 2014 and 2013, respectively. Warrant Plan 2007 and Warrant Plan 2010 warrants were exchanged on a one-for-one

basis for newly issued ordinary shares. SSOP 2010-2014 stock options and ESOP 2013 stock options were exchanged on a one-for-one basis for existing ordinary shares of the Company.

Class of options and warrants	Number of options and warrants exercised	Exercise date	Exercise price at exercise date (in euro)	Share price at exercise date (in euro)
Warrant Plan 2007 quater warrants	33,685	10/04/2014	8.00	42.44
	306,215	15/07/2014	8.00	39.05
Warrant Plan 2007 sexies warrants	7,161	15/07/2014	10.90	39.05
Warrant Plan 2007 septies warrants	76,662	10/04/2014	15.21	42.44
	8,885	15/07/2014	15.21	39.05
	8,888	10/10/2014	15.21	44.40
	10,000	19/12/2014	15.21	45.52
Warrant Plan 2010 primo warrants	111,206	10/04/2014	15.21	42.44
	50,819	15/07/2014	15.21	39.05
	110,190	10/10/2014	15.21	44.40
	60,214	19/12/2014	15.21	45.52
Warrant Plan 2010 bis warrants	1,976	10/04/2014	18.23	42.44
	11,381	15/07/2014	18.23	39.05
	1,976	10/10/2014	18.23	44.40
	1,979	19/12/2014	18.23	45.52
Warrant Plan 2010 ter warrants	12,580	10/04/2014	19.37	42.44
	6,378	15/07/2014	19.37	39.05
	7,065	10/10/2014	19.37	44.40
	8,977	19/12/2014	19.37	45.52
SSOP 2010-2014 stock options	394,891	16/04/2014	14.57	42.47
	315,911	16/04/2014	15.20	42.47
	189,198	16/04/2014	15.83	42.47
	126,713	19/12/2014	15.83	45.52
	315,911	19/12/2014	16.46	45.52
ESOP 2013 primo stock options	21,600	10/04/2014	34.33	42.44
	22,900	7/07/2014	34.33	39.05
	61,300	10/10/2014	34.33	44.40
	21,250	19/12/2014	34.33	45.52
ESOP 2013 bis stock options	800	10/04/2014	36.75	42.44
	13,500	10/10/2014	36.75	44.40
Total	2,320,211			

The following table summarizes information about stock options and warrants outstanding and exercisable as of December 31, 2014:

Class of options and warrants	Number of options and warrants outstanding	Number of options and warrants exercisable	Weighted average remaining contractual life	Current exercise prices (in euro)
Warrant Plan 2007 septies warrants	38,414	38,414	9 months	15.21
Warrant Plan 2010 primo warrants	306,079	306,079	9 months	15.21
Warrant Plan 2010 bis warrants	5,962	5,962	11 months	18.23
Warrant Plan 2010 ter warrants	78,669	48,420	19 months	19.37
ESOP 2013 primo stock options	609,498	208,848	42 months	34.33
ESOP 2013 bis stock options	43,700	8,900	46 months	36.75
SOP 2013 stock options	200,000	-	42 months	34.33
SOP 2014 stock options	185,000	-	54 months	38.88
SOP 2014 bis stock options	180,000	-	54 months	39.38
Total outstanding	1,647,322			

Total compensation expense associated with the Company's option and warrant plans amounted to € 8.3 million in 2014 (2013: € 9.5 million).

Performance shares

In December 2011, Telenet granted its Senior Leadership 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 was 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 between 50% to 150% of their 2011 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. On February 11, 2014, The Remuneration & Nomination Committee and the Board of Directors decided that the performance criteria for the 2011 Telenet Performance Shares had not been achieved, and as a consequence, the unvested awards were canceled. However, the Board of Directors decided to grant an additional cash bonus to the relevant members of the Senior Leadership Team, for a maximum amount of € 1.0 million, to be allocated under the discretion of the CEO of the Company.

In October 2012, Telenet granted its Senior Leadership Team members (other than its chief executive officer) and one other manager a total of 33,896 performance shares ("the 2012 Telenet Performance Shares"). The performance target applicable to the 2012 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for operating free cash flow (OFCF), when comparing 2014 OFCF to 2011 OFCF. A performance range of 75% to 150% of the target OFCF CAGR would generally result in award recipients earning between 50% to 150% of their 2012 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. On February 10, 2015, The Remuneration & Nomination Committee and the Board of Directors decided that the performance criteria for the 2012 Telenet Performance Shares have been achieved, and as a consequence, the earned 2012 Telenet Performance Shares will vest

on October 24, 2015. Any compensation costs attributable to the 2012 Telenet Performance Shares are recognized over the requisite service period of the awards and are included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

In October 2013, Telenet granted its Senior Leadership Team members (other than its chief executive officer) and one other manager a total of 28,949 performance shares ("the 2013 Telenet Performance Shares"). The performance target applicable to the 2013 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA, when comparing the Adjusted EBITDA during the period started as of January 1, 2013 and ending on December 31, 2015 to the Adjusted EBITDA for the period started on January 1, 2012 and ended on December 31, 2012. A performance range of 75% to 150% of the target Adjusted EBITDA CAGR would generally result in award recipients earning between 50% to 150% of their 2013 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2013 Telenet Performance Shares will vest on October 25, 2016. Any compensation costs attributable to the 2013 Telenet Performance Shares are recognized over the requisite service period of the awards and will be included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

In May 2014, Telenet granted its Senior Leadership Team members (other than its chief executive officer) and one other manager a total of 27,694 performance shares ("the 2014 Telenet Performance Shares"). The performance target applicable to the 2014 Telenet Performance Shares is the achievement of a compound annual growth rate (CAGR) for Adjusted EBITDA, when comparing the Adjusted EBITDA during the period started as of January 1, 2014 and ending on December 31, 2016 to the Adjusted EBITDA for the period started on January 1, 2013 and ended on December 31, 2013. A performance range of 75% to 150% of the target Adjusted EBITDA CAGR would generally result in award recipients earning 50% to 150% of their 2014 Telenet Performance Shares, subject to reduction or forfeiture based on individual performance and service requirements. The earned 2014 Telenet Performance Shares will

vest on May 22, 2017. Any compensation costs attributable to the 2014 Telenet Performance Shares are recognized over the requisite service period of the awards and will be included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

In 2014, Telenet recognized € 0.4 million of compensation expense in respect of the Telenet Performance Shares plans (2013: € 1.0 million).

5.11.3 Employee share purchase plan 2014

In 2014, the board of directors approved the issuance of a new Employee Share Purchase Plan (the "Employee Share Purchase Plan 2014" or "ESPP 2014") within the limits of the authorized capital as approved by the extraordinary shareholder's meeting of April 25, 2012, for a maximum amount of € 5.0 million (excluding share premium). In March 2014, 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 2014 at a discount of 16.67% to the average share purchase price over the 20 business day period following March 31, 2014. Based on the average share price of € 42.78 during this 20 business day period, the shares were offered to the personnel at a subscription price of € 35.65. As the shares were fully vested at the time of the transaction, the Company recognized € 3.0 million as compensation expense in 2014 for the 352,650 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 risks, including interest rate and liquidity risk, see note 5.3.

The balances of loans and borrowings specified below include accrued interest as of December 31, 2014 and 2013.

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
2010 Amended Senior Credit Facility:		
Revolving Credit Facility S	74	299
Revolving Credit Facility X	699	-
Term Loan Q	-	431,079
Term Loan R	-	798,720
Term Loan T	-	175,019
Term Loan W	474,128	-
Term Loan Y	883,002	-
Senior Secured Fixed Rate Notes		
€ 500 million Senior Secured Notes due 2020	504,073	504,073
€ 100 million Senior Secured Notes due 2016	-	100,678
€ 300 million Senior Secured Notes due 2021	307,508	307,508
€ 450 million Senior Secured Notes due 2022	460,625	460,625
€ 250 million Senior Secured Notes due 2024	256,375	256,375
Senior Secured Floating Rate Notes		
€ 400 million Senior Secured Notes due 2021	400,748	400,738
Finance lease obligations	370,427	358,020
3G Mobile Spectrum	38,479	45,879
Clientele fee > 20 years	90,123	83,097
	3,786,261	3,922,110
Less: deferred financing fees	(52,773)	(53,781)
	3,733,488	3,868,329
Less: current portion	(78,757)	(77,909)
Total non-current loans and borrowings	3,654,731	3,790,420

As of December 31, 2014 and 2013, all loans and borrowings were denominated in euro. Fixed interest rates applied to 51.94% of the total loans and borrowings (2013: 52.41%). The weighted average interest rates at December 31, 2014, were 6.37% on fixed rate loans (2013: 6.29%) and 3.55% on floating rate loans (2013: 3.81%).

5.12.1 2010 Amended Senior Credit Facility

On August 1, 2007 (the “Signing Date”), Telenet BidCo NV (the “Borrower”), a former indirect subsidiary of Telenet Group Holding NV, executed a new Senior Credit Facility agreement (the “Senior Credit Facility”). This Senior Credit Facility provided for a total amount of € 2,300.0 million in Term Loans and revolving credit lines.

In 2009 and 2010, the Company amended and restructured the Senior Credit Facility (the “2010 Amended Senior Credit Facility”) resulting in extension of the average maturity of its term debt and improved economics. Subsequently, the net proceeds of the € 500.0 million Senior Secured Notes due 2020 (see note 5.12.3) were partially used to redeem certain outstanding Term Loans.

In 2011, the Company further improved its debt maturity profile through several novations. The net proceeds of the € 300.0 million Senior Secured Notes due 2021 and the € 400.0 million Senior Secured Notes due 2021 (see note 5.12.3) were partially used to redeem outstanding Term Loans.

In February 2012, the Company issued an additional Facility under its 2010 Amended Senior Credit Facility (Term Loan T) for an aggregate amount of € 175.0 million with a maturity date of December 31, 2018 and carrying a floating interest rate of 3.50% over the Euribor rate.

5.12.2 2013 and 2014 activity on the 2010 Amended Senior Credit Facility

No changes occurred to the 2010 Amended Senior Credit Facility during the year ended December 31, 2013.

In March 2014, the Company announced an extension offer for Term Loans Q, R and T under its existing 2010 Amended Senior Credit Facility and the redemption of its Senior Secured notes due 2016 (“Facility N” under the existing 2010 Amended Senior Credit Facility).

As a result of the aforementioned refinancing, which was completed in April 2014, the Company issued a new € 474.1 million floating rate Term Loan under the 2010 Amended Senior Credit Facility (“Term Loan W”) due June 30, 2022 carrying a margin of 3.25% over Euribor. In addition, we issued a new € 882.9 million floating rate Term Loan under the 2010 Amended Senior Credit Facility (“Term Loan Y”) due June 30, 2023 carrying a margin of 3.50% over Euribor. The net proceeds of these new issuances, together with available cash and cash equivalents, were used to fully redeem the outstanding amounts under Term Loans Q, R and T and the € 100.0 million Senior Secured Notes due 2016. As a result, the Company does not have any maturities of outstanding debt prior to November 2020.

In addition, as part of the aforementioned refinancing, Telenet International Finance also launched an extension process for its existing Revolving Facility (“Facility S”) with maturity December 31, 2016 carrying a margin of 2.75% over Euribor. Lenders under Facility S were asked to renew and extend their commitments into a new revolving facility (“Facility X”) with maturity September 30, 2020 and carrying a margin of 2.75% over Euribor. As a result, Telenet International Finance has full access to a committed Revolving Facility of € 322.9 million, being € 36.9 million under “Facility S” (with availability up to December 31, 2016) and € 286.0 million under “Facility X” (with availability up to September 30, 2020).

The unamortized deferred financing fees related to Term Loan Q, R and T that were early redeemed amounted to € 3.9 million and were accounted for as a loss on extinguishment of debt upon early redemption.

5.12.3 Senior Secured Notes

Issuance of € 500.0 million Senior Secured Fixed Rate Notes due 2020

Telenet Finance Luxembourg S.C.A. (further referred to as “TFL”) was incorporated on September 28, 2010 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On October 28, 2010 TFL entered into a Global Note offering (the “Senior Secured Notes due 2020”). TFL was incorporated as a corporate partnership limited by shares and is 99.99% owned by a charitable trust and 0.01% by Telenet Finance Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL is a special purpose entity for financing purposes (SPE), incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Notes due 2020 (being € 500.0 million) were used by TFL to fund an additional facility under the 2010 Amended Senior Credit Facility, (the “Finco Loan” or “Facility M”), denominated in euro, borrowed by Telenet International Finance S.à r.l. (“TIF”).

The Senior Secured Notes due 2020 were issued on October 28, 2010 and all cash was received on November 3, 2010. The Senior Secured Notes due 2020 have a principal value of € 500.0 million and were issued at par. The interest rate on the Senior Secured Notes due 2020 amounts to 6.375% annually and accrued interest is paid semi-annually on May 15 and November 15 commencing May 15, 2011. The final maturity of these Senior Secured Notes is November 15, 2020.

The net proceeds from this offering were partially used to redeem the outstanding Term Loans H, I and L2 under the Company’s 2010 Amended Senior Credit Facility before maturity for an aggregate € 201.7 million.

Issuance of € 100.0 million Senior Secured Fixed Rate Notes due 2016

Telenet Finance Luxembourg II S.A. (further referred to as "TFL II") was incorporated on October 28, 2010 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On November 26, 2010 TFL II entered into a Global Note offering (the "Senior Secured Notes due 2016"). TFL II was incorporated as a limited liability company and is owned for 100.00% by a charitable trust.

TFL II is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL II is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Notes due 2016 (being € 100.0 million) were used by TFL II to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Proceeds Loan" or "Facility N"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Notes due 2016 were issued on and the cash was received on November 26, 2010. These Senior Secured Notes due 2016 had 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 amounted to 5.30% annually and accrued interest was paid semi-annually on May 15 and November 15 commencing May 15, 2011. The final maturity of these Senior Secured Notes was November 15, 2016.

The net proceeds from this offering were primarily used for general corporate purposes, including distributions to the Company's direct and indirect shareholders.

The proceeds of the aforementioned refinancing in April 2014 of the 2010 Amended Senior Credit Facility of the Facilities W and Y, together with available cash and cash equivalents, were used to fully redeem the outstanding amounts under Term Loans Q, R and T and the € 100.0 million Senior Secured Notes due 2016.

The unamortized deferred financing fees related to the € 100.0 million Senior Secured Notes due 2016 that were early redeemed amounted to € 3.5 million and were accounted for as a loss on extinguishment of debt upon early redemption.

Issuance of € 300.0 million Senior Secured Fixed Rate Notes due 2021

Telenet Finance III Luxembourg S.C.A. (further referred to as "TFL III") was incorporated on January 28, 2011 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On February 9, 2011 TFL III entered into a Global Note offering (the "Senior Secured Notes due 2021"). TFL III was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance III Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL III is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL III is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Fixed Rate Notes due 2021 (being € 300.0 million) were used by TFL III to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Finco Loan" or "Facility O"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Fixed Rate Notes due 2021 were issued on February 9, 2011 and all cash was received on February 15, 2011. The Senior Secured Fixed Rate Notes due 2021 have a principal value of € 300.0 million and were issued at par. The interest rate on the Senior Secured Fixed Rate Notes due 2021 amounts to 6.625% annually and accrued interest is paid semi-annually on February 15 and August 15 commencing August 15, 2011. The final maturity of these Senior Secured Fixed Rate Notes is February 15, 2021.

The net proceeds from this offering were partially used to redeem before maturity the outstanding Term Loans K and L1 under the Company's 2010 Amended Senior Credit Facility for an aggregate of € 286.5 million.

Issuance of € 400.0 million Senior Secured Floating Rate Notes due 2021

Telenet Finance IV Luxembourg S.C.A. (further referred to as "TFL IV") was incorporated on May 23, 2011 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On June 8, 2011 TFL IV entered into a Global Note offering (the "Senior Secured Notes due 2021"). TFL IV was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance IV Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL IV is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL IV is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Floating Rate Notes due 2021 (being € 400.0 million) were used by TFL IV to fund an additional facility under the 2010 Amended Senior Credit Facility, (the "Proceeds Loan" or "Facility P"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Floating Rate Notes due 2021 were issued on June 8, 2011 and the cash was received on June 15, 2011. These Senior Secured Floating Rate Notes due 2021 have a principal value of € 400.0 million and were issued at par. The interest rate on the Senior Secured Floating Rate Notes due 2021 is the 3M Euribor +3.875% and accrued interest is paid quarterly on March 15, June 15, September 15 and December 15 commencing September 15, 2011. The final maturity of these Senior Secured Notes is June 15, 2021.

The net proceeds from this offering were used to redeem € 400.1 million on the outstanding Term Loan G and J under the Company's 2010 Amended Senior Credit Facility.

Issuance of € 450.0 million Senior Secured Fixed Rate Notes due 2022 and € 250.0 million Senior Secured Fixed Rate Notes due 2024

Telenet Finance V Luxembourg S.C.A. (further referred to as "TFL V") was incorporated on November 16, 2011 under the laws of the Grand Duchy of Luxembourg as a special purpose financing company for the primary purpose of facilitating the offering of Senior Secured Notes.

On August 13, 2012 TFL V entered into two Global Note offerings (the "Senior Secured Notes due 2022" and the "Senior Secured Notes due 2024"). TFL V was incorporated as a corporate partnership limited by shares and is owned for 99.99% by a charitable trust and 0.01% by Telenet Finance V Luxembourg S.à r.l., a company independent from the Telenet Group.

TFL V is an SPE, incorporated on specific request of the Company. Although the Company does not have any direct or indirect shareholdings in this entity, this SPE is considered to be controlled by the Company given the substance of its relationship. Therefore, TFL V is included in the consolidated financial statements of the Company.

The proceeds from the issuance of the Senior Secured Fixed Rate Notes due 2022 (being € 450.0 million) and the Senior Secured Fixed Rate Notes due 2024 (being € 250.0 million) were used by TFL V to fund two additional facilities under the 2010 Amended Senior Credit Facility, (the

"Finco Loan" or "Facilities U and V"), denominated in euro, borrowed by Telenet International Finance S.à r.l. ("TIF").

The Senior Secured Fixed Rate Notes due 2022 and 2024 were issued on August 13, 2012 and the cash was received on August 16, 2012. These Senior Secured Fixed Rate Notes due 2022 and 2024 have a principal value of € 450.0 million and € 250.0 million, respectively, and were issued at par.

The interest rate on the Senior Secured Fixed Rate Notes due 2022 is 6.25% annually and accrued interest is paid semi-annually on August 15 and February 15 commencing February 15, 2013. The final maturity of these Senior Secured Notes is August 15, 2022. The interest rate on the Senior Secured Fixed Rate Notes due 2024 is 6.75% annually and accrued interest is paid semi-annually on August 15 and February 15 commencing February 15, 2013. The final maturity of these Senior Secured Notes is August 15, 2024.

The net proceeds of this offering were envisioned to be used entirely to fund the proposed share repurchases under a Self Tender Offer. Due to the cancellation of the Self Tender Offer on September 20, 2012, the proceeds from this offering were still available as cash and cash equivalents as at December 31, 2012.

5.12.4 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, 2014 are shown in the following table:

(in thousands of euro)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
December 31, 2014						
2010 Amended Senior Credit Facility:						
Term Loan W	474,084	474,084	-	June 30, 2022	Floating 1-month Euribor + 3.25%	Monthly
Term Loan Y	882,916	882,916	-	June 30, 2023	Floating 1-month Euribor + 3.50%	Monthly
Revolving Credit Facility (Facility S)	36,851	-	36,851	December 31, 2016	Floating 1-month Euribor + 2.75%	Not applicable
Revolving Credit Facility (Facility X)	286,000	-	286,000	Septem- ber 30, 2020	Floating 1-month 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.)
€300 million Senior Secured Notes due 2021	300,000	300,000	-	February 15, 2021	Fixed 6.625%	Semi-annually (Feb. and Aug.)
€450 million Senior Secured Notes due 2022	450,000	450,000	-	August 15, 2022	Fixed 6.25%	Semi-annually (Feb. and Aug.)
€250 million Senior Secured Notes due 2024	250,000	250,000	-	August 15, 2024	Fixed 6.75%	Semi-annually (Feb. and Aug.)
Senior Secured Floating Rate Notes						
€400 million Senior Secured Notes due 2021	400,000	400,000	-	June 15, 2021	Floating 3-month Euribor+3.875%	Quarterly (March, June, Sep. and Dec.)
Total notional amount	3,579,851	3,257,000	322,851			

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 2010 Amended Senior Credit Facility, to the extent permitted by law.

In addition, security has been granted under the 2010 Amended Senior Credit Facility by Telenet Group Holding NV, Telenet Service Center BVBA, Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l. over substantially all their assets.

The above-mentioned security interests include:

- pledges of all shares of Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.;
- mortgages of (i) € 800 million granted by the former Telenet Operaties NV (succeeded by Telenet NV), (ii) € 625 million granted by the former MixtICS NV (succeeded by Telenet NV), (iii) € 625 million granted by Telenet Vlaanderen NV, and (iv) € 50 million granted by the former Telenet Solutions NV (succeeded by Telenet NV); a portion of the mortgages have been granted in a non-joined (non-cumulative) manner with certain other mortgages and certain floating charges;
- non-exercised mortgage mandates of (i) € 650 million granted by Telenet NV (formerly called Telenet BidCo NV), (ii) € 450 million

granted by the former Telenet Operaties NV (succeeded by Telenet NV), (iii) € 450 million granted by the former MixtICS NV (succeeded by Telenet NV) and (iv) € 450 million granted by Telenet Vlaanderen NV;

- floating charges (*pand op handelszaak*) of (i) € 1.25 billion granted by the former Telenet Operaties NV (succeeded by Telenet NV), (ii) € 135 million granted by Telenet NV, (iii) € 250 million granted by Telenet NV (formerly called Telenet BidCo NV), (iv) € 865 million granted by the former MixtICS NV (succeeded by Telenet NV), (v) € 865 million granted by Telenet Vlaanderen NV, (vi) € 75 million granted by the former PayTVCo NV (succeeded by Telenet NV) and (vii) € 75 million granted by the former Codenet NV (afterwards renamed to Telenet Solutions NV and succeeded by Telenet NV); a portion of the floating charges have been granted in a non-joined manner (non-cumulative) with certain other floating charges and certain mortgages;
- a non-exercised floating charge mandate of € 865 million granted by Telenet NV, which is granted in a non-joined (non-cumulative) manner with the floating charges referred to in (i), (iv), (vi) and (vii) above;
- pledges of all present and future receivables owed to Telenet Group Holding NV, Telenet NV and Telenet Vlaanderen NV;

- pledges of all present and future securities (other than shares in subsidiaries) held by Telenet NV and Telenet Vlaanderen NV;
- a pledge over all present and future notes issued by Finance Center Telenet S.à r.l. and owned by Telenet International Finance S.à r.l.;
- pledges of all present and future intercompany receivables owed to Telenet International Finance S.à r.l. by Telenet NV, Telenet Luxembourg Finance Center S.à r.l. and Finance Center Telenet S.à r.l.; and
- pledges on all present and future bank accounts of Telenet Group Holding NV, Telenet NV, Telenet Vlaanderen NV and Telenet International Finance S.à r.l.

The total executable principal amount under the mortgages and floating charges, taking into account non-cumulation within and between floating charges and mortgages, was € 2,125,000,000 on December 31, 2014.

As of December 31, 2014, the Company was in compliance with all of its financial covenants.

In respect of the obligations under the notes issued by Telenet Finance Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance S.à r.l. (Telenet Finance Luxembourg S.C.A.'s general partner);
- all of Telenet Finance Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 and the additional facility M accession agreement pursuant to which Telenet Finance Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance III Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance III Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance III S.à r.l. (Telenet Finance III Luxembourg S.C.A.'s general partner);
- all of Telenet Finance III Luxembourg S.C.A.'s rights, title and interest under the 2012 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 and the additional facility O accession agreement pursuant to which Telenet Finance III Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;

- all of Telenet Finance III Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance III Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance III Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance IV Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance IV Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance IV S.à r.l. (Telenet Finance IV Luxembourg S.C.A.'s general partner);
- all of Telenet Finance IV Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007 and the additional facility P accession agreement pursuant to which Telenet Finance IV Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance IV Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance IV Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance IV Luxembourg S.C.A.

In respect of the obligations under the notes issued by Telenet Finance V Luxembourg S.C.A., security has been granted to the trustee under the notes on behalf of itself and the holders of the notes over:

- all of the issued ordinary shares of Telenet Finance V Luxembourg S.C.A.;
- all of the issued shares of Telenet Finance V S.à r.l. (Telenet Finance V Luxembourg S.C.A.'s general partner);
- all of Telenet Finance V Luxembourg S.C.A.'s rights, title and interest under the 2010 Amended Senior Credit Facility, the intercreditor agreement dated October 10, 2007, the additional facility U accession agreement and the additional facility V accession agreement pursuant to which Telenet Finance V Luxembourg S.C.A. has become a lender under the 2010 Amended Senior Credit Facility;
- all of Telenet Finance V Luxembourg S.C.A.'s rights, title and interest under the fee letter and the service agreement related to the notes issuance; and
- all sums of money held from time to time in Telenet Finance V Luxembourg S.C.A.'s bank account.

Telenet International Finance S.à r.l.'s payment obligations under the fee letter and the service agreement are guaranteed by Telenet NV to Telenet Finance V Luxembourg S.C.A.

5.12.6 Finance lease obligations

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Within one year	58,466	56,381	22,487	21,688	35,979	34,693
In the second to fifth year, inclusive	210,196	201,881	65,205	65,211	144,991	136,670
Thereafter	223,405	220,502	39,094	39,285	184,311	181,217
Total minimum lease payments	492,067	478,764	126,786	126,184	365,281	352,580

The following table summarizes the obligations per type of finance leases:

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Buildings	22,365	28,211	3,681	4,583	18,684	23,628
Canon	438,077	415,599	115,304	112,255	322,773	303,344
Norkring (Digital Terrestrial Television)	31,625	34,954	7,801	9,346	23,824	25,608
Total minimum lease payments	492,067	478,764	126,786	126,184	365,281	352,580

Canon, Clientele and Annuity agreements

In 1996, the Company acquired the exclusive rights to offer point-to-point services including broadband internet and telephony services, as well as the rights to partly use the capacity of the broadband network owned and controlled by the Pure Intercommunales ("PICs"). In return for this access to a part of the PICs' network, the company paid the so-called Clientele and Annuity Fees. The present value of the Clientele and Annuity Fee payments over the first 20 years (being the life of the longest lived assets that were 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 32 years remained at the end of 2014). 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. The full access rights acquired under the Canon, Clientele and Annuity agreements are recorded as property and equipment (network) as from October 2008 onwards (see Note 5.4).

On the additional rights of use on the Telenet PICs Network, acquired under the Canon agreement, a contractual interest rate was agreed upon which was favorable in comparison with the market interest rate at that moment. Therefore, this favorable component on the initial Canon lease was separated in the purchase price allocation and recognized as a debit to the liability of the underlying existing Canon Lease. The favorable Out of Market component on the future Canon leases acquired as part of the business combination was recognized as network user rights under intangible assets (see Note 5.6).

For the year ended December 31, 2014, the average effective borrowing rate for the three above mentioned fees was 6.51% (2013: 6.56%).

The Clientele fees payable beyond 20 years are recognized as a non-lease related debt.

As per December 31, 2014 and 2013, the outstanding liabilities related to the Interkabel agreements, as well as the net book value of the intangible asset can be summarized as follows:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Outstanding lease debt Annuity / Clientele / Canon		
Annuity agreement	15,123	17,467
Clientele agreement	19,940	23,681
Canon agreement	292,385	268,014
Out of Market Component on initial Canon leases acquired as part of a business combination	(4,676)	(5,818)
	322,772	303,344
Outstanding non-lease related Clientele debt		
Clientele fee > 20 years	90,123	83,096
Intangible asset related to Canon agreement		
Out of Market Component on future Canon leases acquired as part of a business combination	18,055	18,317

Norkring

On May 4, 2010, the Company signed an agreement with Norkring België NV concerning the use of capacity on the latter's broadcasting infrastructure network enabling Telenet to offer digital TV and radio services through Norkring's digital frequency channels in Flanders and Brussels, also referred to as "DTT". 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 provided a right to use Norkring's frequency channels contained in three of their multiplexers (MUX) on an exclusive and non-exclusive basis. This agreement contained a lease with respect to certain capacity for which the Company obtained the exclusive rights, the so-called "MUX 1 capacity". Regarding this MUX 1 capacity, an intangible lease asset was initially recognized under "network user rights" for a net book value of € 30.1 million at December 31, 2010. In 2011, the Company recognized an impairment loss of € 28.5 million related to this asset, reducing its carrying value to zero as of December 31, 2011. The average effective borrowing rate for the Norkring fee was 6.23% (2013: 6.23%). Payments under the Norkring agreement not related to the "MUX 1 capacity" are accounted for as operating expenses as incurred.

With respect to the Company's decision in the fourth quarter of 2013 to discontinue the provision of DTT services and the related restructuring provision recognized as of December 31, 2013 and 2014, we refer to note 5.15.

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, 2014, the average effective borrowing rate was 4.36% (2013: 3.91%). All leases are on a fixed repayment schedule and no arrangements include contingent rental payments. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

5.12.7 3G and 2G mobile spectrum

Following an auction launched in March 2011 by the BIPT, Telenet Tecteo BidCo NV, a subsidiary of the Company in which the Walloon cable operator Tecteo SCRL holds a 25% stake, acquired the fourth 3G mobile spectrum license in Belgium (see note 5.6). For the years ended December 31, 2014 and 2013, the average effective borrowing rate for the 3G mobile spectrum was 2.75%.

With respect to the impairment loss on the intangible asset related to this 3G mobile spectrum license recognized during the fourth quarter of 2013, and for details on the call option to acquire a number of 2G mobile spectrum frequencies, we refer to note 5.6.

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, 2014 and 2013, the outstanding forward foreign exchange derivatives were as follows:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Forward Purchase Contracts		
Notional amount in US dollar	-	43,000
Weighted average strike price (US dollar per euro)	-	1,350
Maturity	-	From January to December 2014

As of December 31, 2014 and 2013, the outstanding interest rate derivatives were as follows:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Interest Rate Swaps		
Notional amount	1,957,000	2,275,000
Average pay interest rate	1.68%	3.24%
Average receive interest rate	Euribor 3M	Euribor 3M
Maturity	From 2015 to 2023	From 2015 to 2021

Caps

Notional amount	51,239	53,024
Average cap interest rate	4.53%	4.59%
Maturity	2017	2017

Collars

Notional amount	650,000	950,000
Average floor interest rate	2.00%	2.00%
Average cap interest rate	4.00%	4.00%
Maturity	2017	2017

The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Current assets	-	3
Non-current assets	9	63
Current liabilities	(28,421)	(39,850)
Non-current liabilities	(114,152)	(110,959)
	(142,564)	(150,743)
Interest rate derivatives	(142,478)	(150,060)
Foreign exchange forwards	-	(689)
Embedded derivatives	(86)	6
	(142,564)	(150,743)

Realized and unrealized gains (losses) on financial and derivative instruments comprise the following amounts:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Early termination of derivative financial instruments	(75,548)	-
Change in fair value		
Interest rate derivatives	7,582	55,535
Foreign exchange forwards	689	713
Embedded derivatives	(93)	40
	8,178	56,288
	(67,370)	56,288

In December 2014, the Company early terminated the interest rate derivatives related to the € 400.0 million Secured Notes due 2021. The Company paid € 75.6 million in this respect in December 2014. The aforementioned contracts were replaced by new swap contracts with a lower base rate, hence reducing the Company's cash interest expense for derivative financial instruments from 2015 onwards.

5.14 Deferred taxes

telenet Group Holding NV and its consolidated subsidiaries each file separate tax returns, except for Telenet International Finance S.à r.l.,

Finance Center Telenet S.à r.l., Telenet Luxembourg finance Center S.à r.l. and Magrina S.à r.l. which form a Luxembourg fiscal unity, in accordance with applicable local tax laws. For financial reporting purposes, Telenet Group Holding NV and its subsidiaries calculate their respective tax assets and liabilities on a separate-return basis, except for the aforementioned Luxembourg fiscal unity. These assets and liabilities are combined in the accompanying consolidated financial statements.

The movement in deferred tax assets and liabilities during the current and the prior year, without taking into consideration the offsetting of balances within the same tax entity, is as follows:

<i>(in thousands of euro)</i>	January 1, 2014	(Charged) credited to the statement of profit or loss and other comprehensive income	December 31, 2014
Deferred tax assets:			
Financial instruments	44,213	(2,417)	41,796
Lease obligation	8,521	(1,249)	7,272
Tax loss carry-forwards	32,756	18,970	51,726
Other	15,584	(5,594)	9,990
Total deferred tax assets	101,074	9,710¹	110,784²
Deferred tax liabilities:			
Property and equipment	(47,503)	(13,263)	(60,766)
Provisions	(36,572)	(8,657)	(45,229)
Goodwill	(25,858)	(1,170)	(27,028)
Intangible assets	(4,571)	3,441	(1,130)
Receivables	(5,372)	4,194	(1,178)
Deferred Financing Fees	(5,587)	(724)	(6,311)
Other	(2,930)	2,325	(605)
Total deferred tax liabilities	(128,393)	(13,854)¹	(142,247)²

<i>(in thousands of euro)</i>	Statement of profit or loss and other comprehensive income ¹	Statement of financial position ²
Deferred tax assets	9,710	110,784
Deferred tax liabilities	(13,854)	(142,247)
	(4,144)	(31,464)

Statement of profit or loss and comprehensive income (see Note 5.21)

Deferred tax expense in profit or loss (see Note 5.21)	3,400
Deferred tax expense in OCI	744
Total deferred tax expense	4,144
Current tax expense (see Note 5.21)	88,358
Total comprehensive income	92,502
Less: Deferred tax expense in OCI	(744)
Total profit or loss	91,758

Balance sheet

Deferred tax assets	101,984
Deferred tax liabilities	(133,448)
	(31,464)

<i>(in thousands of euro)</i>	January 1, 2013 as restated	(Charged) credited to the statement of profit or loss and other comprehensive income	December 31, 2013
Deferred tax assets:			
Financial instruments	60,710	(16,497)	44,213
Lease obligation	9,603	(1,082)	8,521
Pensions	174	(174)	-
Tax loss carry-forwards	9	32,747	32,756
Other	26,420	(10,836)	15,584
Total deferred tax assets	96,916	4,158¹	101,074²
Deferred tax liabilities:			
Property and equipment	(44,171)	(3,332)	(47,503)
Provisions	(26,764)	(9,808)	(36,572)
Goodwill	(21,589)	(4,269)	(25,858)
Intangible assets	(23,175)	18,604	(4,571)
Receivables	(9,405)	4,033	(5,372)
Deferred Financing Fees	(6,073)	486	(5,587)
Other	(3,906)	976	(2,930)
Total deferred tax liabilities	(135,083)	6,690¹	(128,393)²

<i>(in thousands of euro)</i>	Statement of profit or loss and other comprehensive income ¹	Statement of financial position ¹
Deferred tax assets	4,158	101,074
Deferred tax liabilities	6,690	(128,393)
	10,848	(27,319)

Statement of comprehensive income (see Note 5.21)

Deferred tax (benefit) / expense	(10,848)
Current tax expense	77,176
	66,328

Balance sheet

Deferred tax assets	82,117
Deferred tax liabilities	(109,436)
	(27,319)

As of December 31, 2014, Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of € 581.8 million (2013: € 358.1 million). Under current Belgian and Luxembourg tax laws, these loss carry forwards have an indefinite life and may be used to offset the future taxable income of Telenet Group Holding NV and its subsidiaries.

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable.

Telenet did not recognize deferred tax assets of € 129.6 million (2013: € 75.3 million) in respect of losses amounting to € 406.7 million (2013: € 246.0 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 non-current liabilities

<i>(in thousands of euro)</i>	Note	December 31, 2014	December 31, 2013
Employee benefit obligations	5.16	16,184	13,400
Other personnel related obligations		1,012	1,258
Long service awards	5.16	7,670	6,969
Interkabel out of market opex		14,065	13,609
Asset retirement obligations		1,912	3,484
Liabilities regarding sports broadcasting rights	5.6	8,342	15,030
Restructuring provision Norkring		29,385	33,931
Other		3,963	3,147
Total Other non-current liabilities		82,533	90,828

During the fourth quarter of 2013, the Company decided to discontinue the provision of DTT services which occurred in the first half of 2014. Following this decision, the Company determined that its obligations under the DTT capacity agreement with Norkring België NV constituted an onerous contract as at December 31, 2013. The Company measured the required provision as the net present value of the remaining payments due under this DTT capacity agreement. Telenet recognized the € 33.9 million provision as a restructuring expense at December 31, 2013. The remaining non-current and current liabilities related to this restructuring provision amount to respectively € 29.4 million and € 4.5 million at December 31, 2014.

The acquisition by Telenet in 2011 of the Belgian football broadcasting rights resulted in the recognition of liabilities totaling € 155.1 million at the inception of the agreement. No liabilities related to the 2011 Belgian football contract were outstanding at December 31, 2014, and € 17.2 million remained within current liabilities at December 31, 2013 with respect to these specific broadcasting rights (see note 5.17).

Following a tendering procedure in June 2014, the Company acquired the non-exclusive broadcasting rights of the Belgian football championship for the next three seasons starting July 2014. On the acquisition date, the rights related to the first season (2014-2015) met the recognition criteria for intangible assets, which resulted in an addition of broadcasting rights of € 31.1 million for which a liability was recognized accordingly. Total non-current and current liabilities regarding sports broadcasting rights amounted to € 8.3 million, respectively € 18.8 million (see note 5.17) at December 31, 2014, of which € 1.3 million and € 12.4 million are related to the 2014-2015 Belgian football broadcasting rights, 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 reflects an unfavorable out of market element. In the Interkabel acquisition, this out of market element was recorded at fair value. The underlying liability at December 31, 2014 amounted to € 14.1 million (2013: € 13.6 million).

5.16 Employee benefit plans

assets and liabilities carried on the consolidated statement of financial position, related to the Company's benefit plans can be summarized as follows:

(in thousands of euro)	Note	December 31, 2014			December 31, 2013		
		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		2,521	2,521	-	3,053	3,053	-
Other post-retirement plans		13,663	-	13,663	10,347	-	10,347
Total LT employee benefit obligations	5.15	16,184	2,521	13,663	13,400	3,053	10,347
Total LT service awards	5.15	7,670	-	-	6,969	-	-
Total ST service awards		-	-	-	-	-	-
Total employee benefit plans liability/(asset)		23,854	2,521	13,663	20,369	3,053	10,347

The Telenet Pension Plan

The majority of Telenet's employees participate in the Telenet Pension Plan, which requires initial contributions funded into a pension fund. The contributions paid to the pension fund are based on the respective employee's salary.

By law, employers are required to provide an average minimum guaranteed rate of return over the employee's tenure at the Company, currently equal to 3.75% on employee contributions and 3.25% on employer contributions paid as from January 1, 2004 onwards. Those rates may be modified in the future by Royal Decree in which case legislation currently foresees that the new rates also apply to the accumulated past

contributions as from the date of modification onwards. Hence, there is a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return.

Since the minimum guaranteed reserves were entirely covered by plan assets and there were no recoverable contributions, no amounts were recognized in the consolidated statement of financial position at December 31, 2014 and 2013.

The fair value of the plan assets and the amounts recognized in the consolidated statement of financial position reconcile as follows for this plan:

(in thousands of euro)	Fair value of plan assets		Net defined benefit liability (asset)	
	2014	2013	2014	2013
At January 1	46,212	39,384	-	-
Contributions paid by the employer (incl. taxes)	3,569	3,417		
Contributions paid by the employee	1,545	1,480		
Return on plan assets	3,357	2,267		
Benefits paid (incl. taxes)	(714)	(336)		
At December 31	53,969	46,212	-	-

To be compared with:

Minimum guaranteed reserves	42,062	36,724		
Sum of individual deficits (intrinsic value)	-	-		

The Company's pension fund is actively managed by two independent asset management firms. The investment strategy is based on a balanced neutral risk profile with a long-term investment horizon. The Company's pension fund primarily contains investments in investment funds, either active or passive, with a balanced strategic allocation comprising a mix of 51% equities, 45% bonds, 2% real estate and 2% short term investments. The pension fund's performance is monitored and analyzed on a monthly basis by the pension fund's in-house investment specialist and discussed and reviewed on a quarterly basis by the pension fund's board of directors.

The expected 2015 employer contributions (including taxes) amount to € 3.7 million.

The average age of plan participants, weighted based on their accumulated contributions, equals 44.7 at December 31, 2014.

Long service awards

The Company has also recognized a liability of € 7.7 million at December 31, 2014 (2013: € 7.0 million) for long service awards, which have the form of jubilee benefits.

Defined benefit pension plans and other post-retirement benefit plans

Former Electrabel (ICS) employees, as well as some other employees, are covered by defined benefit pension plans, which provide benefits based on the employees' final salaries and their years of service. In accordance with local practice, the benefits are normally paid out in the form of a lump sum.

The defined benefit pension plans are financed through insurance contracts, which provide a guaranteed rate of return. The pension plans are subject to a minimum funding requirement, which is based on the vested reserves to which the plan participants are entitled in case of leaving. The plan assets, which correspond to the insurance reserves, 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. Those plans expose the Company to various risks such as interest rate risk (a decrease of bond yields will increase the benefit obligations), investment risk (a lower return on plan assets will decrease the funded status), longevity risk (an increase in life expectancy will increase the benefit obligations for the post-retirement health care plan) and inflation risk (higher than expected salary increases or medical cost increases will increase the benefit obligations).

The defined benefit obligation, the fair value of the plan assets and the net defined benefit liability/(asset) reconcile as follows (excluding the Telenet Pension Plan):

<i>(in thousands of euro)</i>						
	Defined Benefit Obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2014	2013	2014	2013	2014	2013
At January 1	25,755	24,212	(12,355)	(11,551)	13,400	12,661

Components of defined benefit cost included in profit or loss

Current service cost (incl. administration costs)	1,669	2,073	16	55	1,685	2,128
Interest cost / (income)	831	777	(441)	(312)	390	465
	2,500	2,850	(425)	(257)	2,075	2,593

Components of defined benefit cost included in OCI

Remeasurements

Actuarial loss (gain) arising from:

changes to demographic assumptions						
changes to financial assumptions	4,497	(1,018)			4,497	(1,018)
experience adjustments	(1,588)	1,359			(1,588)	1,359
Return on plan assets excluding interest income			(605)	1,118	(605)	1,118
	2,909	341	(605)	1,118	2,304	1,459

Other

Contributions paid by the employee	333	398	(333)	(398)	-	-
Contributions paid by the employer (incl. taxes)			(1,595)	(3,313)	(1,595)	(3,313)
Benefits paid (incl. taxes)	(541)	(2,046)	541	2,046	-	-
	(208)	(1,648)	(1,387)	(1,665)	(1,595)	(3,313)
At December 31	30,956	25,755	(14,772)	(12,355)	16,184	13,400

Represented by:					2014	2013
Defined Benefit Pension Plans					2,521	3,053
Other post-retirement plans					13,663	10,347
Total					16,184	13,400

The principal actuarial assumptions used for the purpose of the actuarial valuations are as follows:

	Defined Benefit Pension Plans		Other post-retirement plans	
	2014	2013	2014	2013
Discount rate	2.00%	3.25%	2.00%	3.25%
Rate of compensation increase	2.85%	3.07%	-	-
Underlying inflation rate	1.75%	2.00%	1.75%	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 following table shows a sensitivity analysis for the key assumptions:

Sensitivity analysis		Defined Benefit Obligation	
<i>(in thousands of euro)</i>			
	Change (-) / (+)	decrease (-)	increase (+)
Discount rate	0.25%	32,092	29,859
Rate of compensation increase	0.25%	28,704	33,383
Increase of medical benefits	0.25%	30,312	31,611
Mortality tables	1 year	30,451	31,468

The sensitivity analysis reflects the impact of a change in one assumption while keeping all other assumptions constant. In practice, this is unlikely to be the case as some assumptions may be correlated.

The weighted average duration of the benefit obligations equals 15 years.

The contributions towards defined benefit plans for 2015 are estimated at € 1.6 million.

5.17 Accrued expenses and other current liabilities

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Customer deposits	22,797	22,757
Compensation and employee benefits	51,272	64,221
VAT and withholding taxes	25,589	31,640
Dividend payable to shareholders	1,012	1,017
Accrued programming fees	44,676	66,378
Accrued capital expenditure	31,213	20,063
Accrued other liabilities - invoices to receive regarding:		
Goods received and services performed	35,538	28,763
Professional fees	15,571	15,254
Warehouse items received	3,814	4,363
Interconnect	20,172	18,839
Advertising, marketing and public relations	7,231	4,338
Infrastructure	9,933	8,560
Other	19,463	19,965
Accrued interest on derivatives	4,193	4,890
Restructuring provision Norkring	4,480	-
Liabilities regarding sports broadcasting rights	18,812	28,491
Liabilities resulting from stocklending	9,288	-
Other current liabilities	136	1,019
Total Accrued expenses and other current liabilities	325,190	340,558

Compared to December 31, 2013, total accrued expenses and other current liabilities decreased by € 15.4 million to € 325.2 million as of December 31, 2014. This is mainly due to a € 21.7 million reduction in accrued programming fees (-32.7%) and a € 12.9 million reduction in accrued compensation and employee benefits, representing a decrease of -20.2%. The liabilities for sports broadcasting rights declined € 9.7 million as the Belgian football broadcasting rights, which were

acquired in June 2011, expired in May 2014. The outstanding liability regarding sports broadcasting rights as of December 31, 2014 amounts to € 18.8 million of which € 12.4 million is related to the 2014-2015 Belgian football season. These decreases were partially offset by an € 11.2 million increase in accrued capital expenditures and the recognition in 2014 of a € 9.3 million liability related to the Stock Lending Agreement with Binan Investments B.V. (note 5.25.1).

5.18 Revenue

The Company's revenue is comprised of the following:

<i>(in thousands of euro)</i>	For the years ended December 31,	
	2014	2013
Cable television:		
Basic Subscribers ¹	321,182	314,678
Premium Subscribers ¹	232,402	235,716
Residential:		
Internet	522,222	469,334
Telephony ²	482,446	469,503
Distributors/Other	52,329	61,280
Business	96,516	90,779
Total Revenue	1,707,097	1,641,290

For the full year 2014, we generated revenue of € 1,707.1 million, representing a 4% increase compared to the prior year when we produced revenue of € 1,641.3 million. All of our revenue growth in the period was organic and directly driven by (i) solid multiple-play growth with the number of triple-play subscribers up 10% compared to December 31, 2013, (ii) the benefit from the selective price increase on certain fixed services in February 2014, (iii) a 8% higher contribution from our mobile activities, and (iv) a 6% increase in our business services revenue. These

favorable impacts were partly offset by (i) substantially lower revenue from the sale of standalone handsets of € 8.7 million on which we generally earn a small margin, (ii) € 5.7 million lower analog carriage fees, and (iii) lower usage-related revenue. Excluding the negative impact from the lower standalone handset sales and lower analog carriage fees, our revenue growth rate would have been higher.

The Company also has deferred revenue as follows:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Cable television:		
Basic Subscribers ⁽¹⁾	28,892	33,311
Premium Subscribers ⁽¹⁾	6,382	5,979
Residential:		
Internet	12,213	12,041
Telephony ⁽²⁾	7,540	6,861
Distributors/Other	11,029	13,381
Business	8,701	10,094
Total Deferred Revenue	74,757	81,667
Current portion	73,048	78,985
Non-current portion	1,709	2,682

1 Basic and premium cable television substantially comprises residential customers, but also includes a small portion of business customers.

2 Residential telephony revenue includes the recurring subscription-based revenue from both fixed and mobile telephony subscribers, as well as the interconnection revenue generated by these customers.

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 profit or loss and other 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,	
		2014	2013
Employee benefits:			
Wages, salaries, commissions and social security costs		130,881	130,190
Other employee benefit costs		22,880	23,198
		153,761	153,388
Depreciation	5.4	249,178	231,649
Amortization	5.6	59,978	82,411
Amortization of broadcasting rights	5.6	48,303	43,721
Impairment of other intangible assets	5.6	-	53,279
Restructuring charges		1,938	34,755
Gain on disposal of property and equipment and other intangible assets		(2,049)	(2,942)
Network operating and service costs		524,523	519,877
Advertising, sales and marketing		67,055	73,107
Share-based payments granted to directors and employees		8,311	10,547
Operating charges related to acquisitions or divestitures		2,135	-
Other costs		61,727	52,338
Total costs and expenses		1,174,860	1,252,130

For the full year 2014, our total operating expenses were € 1,174.9 million, down 6% compared to the prior year when we incurred total operating expenses of € 1,252.1 million. An 18% year-on-year increase in other costs, which primarily reflects business-supporting and advisory costs, and slightly higher network operating and service costs for the full year 2014 were more than offset by an 8% decrease in our advertising, sales and marketing expenses. Amortization expense declined in total € 22.4 million, mainly resulting from a € 13.3 million decrease of software amortization expense and the 3G mobile spectrum license amortization (-€ 7.4 million). Whereas for the latter an amortization expense of € 7.4 million was incurred in 2013, no such costs were incurred in 2014 as the asset in question was fully impaired at year end 2013, representing at that time a cost of € 53.3 million (see Note 5.6).

Our operating expenses for the full year 2014 reflected a € 12.5 million favorable impact from the settlement of certain operational

contingencies, and the comparison to 2013 operating expenses was favorably impacted by the net effect of three nonrecurring items: (i) an impairment charge of € 53.3 million recognized in the last quarter of 2013 to reduce the carrying amount of our 3G mobile spectrum license to zero following Telenet's assessment that it will not be able to utilize the spectrum rights, (ii) a restructuring charge of € 34.8 million recognized in the fourth quarter of 2013, reflecting Telenet's decision at that time to discontinue the provision of DTT (digital terrestrial television) services, and (iii) the benefit from a € 15.7 million reversal of depreciation charges in the second quarter of 2013 following a settlement on set-top box related import duties.

The number of full-time equivalents employed by the Company at December 31, 2014 was 2,262 (2013: 2,202).

5.20 Finance income / expense

<i>(in thousands of euro)</i>	Note	For the years ended December 31,	
		2014	2013
Recognized in the statement of profit or loss and comprehensive income			
Finance income			
Net interest income and foreign exchange gain			
Interest income on bank deposits and commercial paper		715	1,139
Interest income on receivables		248	1,044
Net foreign exchange gain		1,423	-
		2,386	2,183
Net gain on derivative financial instruments		-	56,288
		2,386	58,471
Finance expense			
Net interest expense, foreign exchange loss and other finance expense			
Interest expense on financial liabilities measured at amortized cost, and other finance expense		(208,613)	(211,134)
Net interest expense on derivatives at fair value through profit or loss		(44,169)	(45,571)
Amortization of financing cost		(6,480)	(7,270)
Net foreign exchange loss		-	(965)
		(259,262)	(264,940)
Net loss on derivative financial instruments			
Early termination of derivative financial instruments	5.13	(75,548)	-
Change in fair value	5.13	8,178	-
Loss on extinguishment of debt	5.12	(7,412)	-
		(334,044)	(264,940)
Net finance expenses		(331,658)	(206,469)

5.21 Income tax expense

<i>(in thousands of euro)</i>		For the years ended December 31,	
	2014	2013	
Current tax expense	88,358	77,176	
Deferred tax expense (Note 5.14)	3,400	(10,848)	
Income tax expense	91,758	66,328	
Effective Tax Rate	45.65%	36.31%	

The effective tax rate was 45.7% for the year 2014, which is above the effective tax rate of 36.3% for the year 2013. The tax expenses as shown above have been calculated in conformity with Belgian and international tax laws.

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:

<i>(in thousands of euro)</i>		For the years ended December 31,	
	2014	2013	
Profit before tax	201,023	182,692	
Income tax expense at the Belgian statutory rate of 33.99%	68,328	62,097	
Income not taxable	(47,892)	(47,596)	
Expenses not deductible for tax purposes (incl. prior year adjustments)	26,379	34,811	
Benefit of the investment deduction	(5,557)	(5,090)	
Recognition of previously unrecognized tax assets	(4,020)	-	
Utilisation of previously unrecognized tax losses	(1)	(11)	
Tax losses and temporary differences for which no deferred tax asset was recognized	54,620	6,641	
Expiration of tax losses	920	-	
Adjustments recognized in the current year in relation to the filings for prior years	1,360	(472)	
Impact of different tax rates	(3,833)	(3,637)	
Tax on capital gain on shares	-	18,296	
Penalty for insufficient prepayments	1,453	1,289	
Tax expense for the year	91,758	66,328	

The tax losses and temporary differences for which no deferred tax asset is recognized amounted to € 54.6 million for the year ended December 31, 2014 (€ 6.6 million for the year ended December 31, 2013) and consisted of positions resulting in a deferred tax asset which is nevertheless not recognized as it is not deemed probable that taxable profit will be available against which the unused tax losses can be utilized in future years.

Recognition of previously unrecognized tax assets amounting to € 4.0 million for the year ended December 31, 2014 related to positions for which in the past no deferred tax asset was recognized as it was not deemed probable that taxable profit would be available in future years against which the tax losses could be utilized. In the current year, based on the most recent results, it became sufficiently probable that they can be utilized and therefore the previously unrecognized tax assets were recognized.

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:

<i>(in thousands of euro, except share and per share data)</i>	For the years ended December 31,	
	2014	2013
Net profit attributable to the equity holders of the Company	109,262	116,355
Weighted average number of ordinary shares	115,940,077	114,417,532
Weighted average number of shares used in the calculation of basic earnings per share	115,940,077	114,417,532
Basic earnings per share in €	0.94	1.02

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 year ended December 31, 2014, the Company had six categories of dilutive potential ordinary shares:

- Warrant Plan 2007 quater
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- Warrant Plan 2010 ter

During the year ended December 31, 2013, the Company had eleven categories of dilutive potential ordinary shares:

- Warrant Plan 2007 bis
- Warrant Plan 2007 ter
- Warrant Plan 2007 quater
- Warrant Plan 2007 quinquies
- Warrant Plan 2007 sexies
- Warrant Plan 2007 septies
- Warrant Plan 2008
- Warrant Plan 2009
- Warrant Plan 2010 primo
- Warrant Plan 2010 bis
- Warrant Plan 2010 ter

The earnings used in the calculation of diluted earnings per share measures are the same as those for the basic earnings per share measures, as outlined above.

	For the years ended December 31,	
	2014	2013
Weighted average number of shares used in the calculation of basic earnings per share	115,940,077	114,417,532
Adjustment for:		
Warrant Plan 2007 bis warrants	-	8,170
Warrant Plan 2008 warrants	-	87,864
Warrant Plan 2007 ter warrants	-	1,221
Warrant Plan 2007 quater warrants	142,333	362,678
Warrant Plan 2009 warrants	-	230,532
Warrant Plan 2007 quinquies warrants	-	171,017
Warrant Plan 2007 sexies warrants	2,878	26,144
Warrant Plan 2007 septies warrants	52,503	97,414
Warrant Plan 2010 primo warrants	330,333	421,836
Warrant Plan 2010 bis warrants	9,342	15,842
Warrant Plan 2010 ter warrants	55,456	55,637
Weighted average number of shares used in the calculation of diluted earnings per share	116,532,922	115,895,887
Diluted earnings per share in €	0.94	1.00

5.23 Non cash investing and financing transactions

<i>(in thousands of euro)</i>	For the years ended December 31,	
	2014	2013
Acquisition of property and equipment in exchange for finance lease obligations	44,845	46,798
Acquisition of sports broadcasting rights in exchange for investing obligations	34,271	31,080

5.24 Commitments and contingencies

5.24.1 Pending litigations

Litigation concerning the agreement-in-principle 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 PICs Agreement), which closed effective October 1, 2008. Telenet has been involved in various litigations concerning the PICs Agreement

and the non-binding agreement-in-principle preceding the PICs Agreement. Beginning in December 2007, Belgacom NV/SA (Belgacom), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements.

Belgacom lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle on the basis that the PICs should have organized a tendering procedure or public market consultation before entering into the agreement-in-principle, and that the failure to organize such a consultation violates the equality, non-discrimination and transparency principles. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Belgacom in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Belgacom brought this appeal judgment before the Cour de Cassation (the Belgian Supreme Court), which confirmed the appeal judgment in September 2010. 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). On November 14, 2013, the European Court of Justice ruled that the reasons invoked by the PICs not to organize a market consultation were not overriding reasons of public interest to justify abolishing the PIC's duty to organize such consultation. The annulment cases were subsequently resumed with the Belgian Council of State. On January 16, 2014, the Advocate General with the Council of State recommended that the decisions of the board of the PICs not to organize a public market consultation be annulled, and on May 27, 2014, the Belgian Council of State ruled in favor of Belgacom and annulled (i) the decision of the PICs not to organize a public market consultation and (ii) the decision from the PICs' board of directors to approve the 2008 PICs Agreement. The Belgian Council of State ruling did not annul the 2008 PICs Agreement itself. Belgacom may now resume the civil proceedings which are still pending with the Court of Appeal of Antwerp in order to have the 2008 PICs Agreement annulled and claim damages.

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 consolidated results of operations, cash flows or financial position.

Litigation regarding cable access

In December 2010, the Belgium Regulatory Authorities published their respective draft decisions reflecting the results of their joint analysis of the broadcasting market in Belgium. After a public consultation, the draft decisions were submitted to the European Commission. The European Commission issued a notice on the draft decision 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 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).

After Telenet submitted draft reference offers regarding the obligations described above in February 2012, to which the Belgium Regulatory Authorities subsequently made their observations, launched a national consultation process and consulted with the European Commission. Although the European Commission expressed doubts regarding the analog resale offers on August 8, 2013, the European Commission did not object to the decision on the reference offers. The Belgium Regulatory Authorities published the final decision on September 9, 2013. The regulated wholesale services must be available approximately six months after a third-party operator files a letter of intent and pays an advance payment to each cable operator. On December 27, 2013, wireless operator Mobistar submitted a letter of intent and paid the advance payment on January 10, 2013. Accordingly, the reference offers could be operational as soon as the third quarter of 2014. On April 2, 2013, the Belgium Regulatory Authorities issued a draft decision regarding the "retail-minus" tariffs of minus 35% for basic TV (basic analog and digital video package) and minus 30% for the bundle of basic TV and broadband internet services. 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 costs for billing, franchise, consumer service, marketing, and sales). On October 4, 2013, the Belgium Regulatory Authorities notified a draft quantitative decision to the European Commission in which they changed the "retail-minus" tariffs to minus 30% for basic TV (basic analog and digital video package) and to minus 23% for the bundle of basic TV and broadband internet services. Even though the European Commission made a number of comments regarding the appropriateness of certain assumptions in the proposed costing methodology, the Belgium Regulatory Authorities adopted such retail-minus tariffs on December 11, 2013.

Telenet filed an appeal against the July 2011 Decision with the Brussels Court of Appeal. On November 12, 2014, the Brussels Court of Appeal rejected Telenet's appeal and accepted Belgacom's claim that Belgacom should be allowed access to Telenet's, among other operators, broadband internet and digital television platforms. Telenet

is currently considering the possibility to file an appeal against this decision with the Belgian Supreme Court. Telenet also filed an appeal with the Brussels Court of Appeal against the decisions regarding the qualitative and the quantitative aspects of the reference offer. A decision in this appeal is not expected before the end of 2015. There can be no certainty that Telenet's appeals will be successful.

The regulated wholesale services had to be available approximately six months after a third-party operator files a letter of intent and paid an advance payment to Telenet. As stated above, on December 27, 2013, wireless operator Mobistar submitted a letter of intent and paid the advance payment on January 10, 2014. Telenet has implemented the access obligations as described in its reference offers and, as of June 23, 2014, access to the Telenet network had become operational and can be applied by Mobistar. On November 14, 2014, Belgacom also submitted a request to start access negotiations. Telenet is currently considering the merits of this request.

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 the extent that competitors take advantage of the resale access ultimately afforded to Telenet's network and other competitive factors or market developments.

Interconnection Litigation

Telenet has been involved in regulatory and court proceedings with Belgacom in relation to the increased interconnection fees that it began charging telephone operators to terminate calls made to receivers on the Combined Network in August 2002. Several procedures have been ongoing between Telenet and Belgacom over the past years. In the course of 2013 an overall settlement was reached between the parties regarding this interconnection dispute, in which parties mutually agreed to drop all claims without any payments. All proceedings have now been formally closed.

Copyright Litigations

The issue of copyrights and neighboring rights to be paid for the distribution of television has, during the last two decades, given rise to a number of litigations. Already in 1994, the Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie / Union professionnelle de radio et de télédiffusion) (the "RTD", renamed afterwards to "Cable Belgium") was involved in discussions with various copyrights collecting agencies regarding the fees to be paid to the latter for the analogue broadcasting of various television programs. 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 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", later renamed to "Playright") 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.

After the roll-out of digital television, Telenet started in 2006, a judicial procedure against a number of collection agencies. This procedure is related to a discussion between Telenet and these collection agencies about the legal qualification of (i) simulcast (i.e. channels distributed both in analogue and in digital quality), (ii) direct injection (i.e. channels delivered to the distributor over a non-publicly accessible transmission channel) and (iii) all rights included contracts (i.e. contracts in which broadcasters engage to deliver their signals and programs after having cleared all rights necessary for the communication to the public over the distributor's networks).

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 this 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 however lodged an appeal (cf. *infra*). Since Sabam had not filed any counterclaim for the payment of invoices as part of the aforesaid judgment, on April 6, 2011, Sabam separately 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.

In the case of the appeal against the judgment of April 12, 2011 of the Court of First Instance of Mechelen, the Court of Appeal of Antwerp has rendered an intermediate ruling on February 4, 2013. This judgment to a large extent confirms the reasoning of the Court of First Instance of

Mechelen on the disputed issues (qualification of simulcast and all rights included agreements), but re-opens the procedure in order to allow the parties to provide further proof of their actual claims. On January 20, 2014, Coditel has appealed this intermediate ruling before the Supreme Court (“Hof van Cassatie”) mainly because of the incorrect qualification of the fees to be paid for the communication to the public as if it would be “retransmission” rights. On 6 May 2014, Telenet also filed a request with the Supreme Court, arguing that the Antwerp Court of Appeal erroneously qualified direct injection as cable retransmission. Because of these proceedings before the Supreme Court, the proceedings before the Antwerp Court of Appeal were suspended.

Telenet does not expect the ultimate resolution of this matter to have a material impact on its consolidated results of operations or financial condition.

5.24.2 Acquisition of a 50% stake in De Vijver Media

On June 16, 2014, Telenet signed an agreement for the acquisition of 50% of the capital of De Vijver Media NV, a Belgian media company active in free-to-air broadcasting (through its TV channels “VIER” and “VIJF”) and content production (through its production company “Woestijnvis”). The 50% stake will be acquired through a combination of share purchases (€ 26.0 million) and share subscription (€ 32.0 million). Following completion of the transaction, the existing shareholders Corelio Publishing NV and Waterman & Waterman NV (the company of Wouter Vandenhoute, CEO of De Vijver Media, and his business partner Erik Watté) will each hold 25% in De Vijver Media. Telenet will, together with the existing shareholders, jointly control De Vijver Media. The transaction was approved by the European Commission on February 24, 2015. For additional information, we refer to 5.27 Subsequent events.

5.24.3 Other contingent liabilities

Regulation regarding signal integrity

The Flemish Parliament adopted legislation imposing on distributors strict integrity of broadcasting signals and the requirement to request authorization from broadcasters when contemplating offering inter alia recording through an electronic program guide. Broadcasters have argued that the high penetration of PVR’s in the Flemish market, combined with high ad-skipping as a result, undermines the revenue of broadcasters. The Flemish decree provides that broadcasters and distributors must in first instance try to find a commercial solution. In case the parties concerned cannot find a commercial solution, the Flemish decree provides for a mediation procedure, which, if unsuccessful, can eventually lead to civil litigation. This legislation presents risks that could have a negative impact on the Company’s ability to launch new innovative applications and to increase the Company’s financial obligations to broadcasters.

Other

In addition to the foregoing items, the Company has contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues, (iii) disputes over certain contracts and (iv) disputes over programming and copyright fees. While the Company generally expects that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts it has accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on the Company’s results of operations or cash flows in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, the Company cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

5.24.4 Operating leases

The Company leases facilities, vehicles and equipment under cancellable and non-cancellable operating leases. The following schedule details, at December 31, 2014 and 2013, the future minimum lease payments under cancellable and non-cancellable operating leases:

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Within one year	20,087	19,885
In the second to fifth year, inclusive	19,922	17,842
Thereafter	2,779	3,016
Total minimum lease payments	42,788	40,743
Minimum lease payments recognized as an expense in the year	24,638	25,689

The Company’s operating leases as at December 31, 2014 and December 31, 2013 did not contain any material contingent rentals.

5.25 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 2014 and 2013. Related parties further include transactions with Pebble Media NV, Doccle CVBA and Doccle.Up NV.

The following tables summarize material related party balances and transactions for the period:

5.25.1 Statement of financial position

<i>(in thousands of euro)</i>	December 31, 2014	December 31, 2013
Trade receivables		
Liberty Global Consortium (parent)	2,650	766
Associates	453	89
Trade payables and accrued trade liabilities		
Liberty Global Consortium (parent)	28,057	3,309
Associates	454	630
Accrued other liabilities		
Liberty Global Consortium (parent)	9,288	-
Associates	-	-
Property and equipment		
Liberty Global Consortium (parent)	31,677	-
Associates	-	-

The transactions with the entities of the Liberty Global Consortium mainly consist of the purchase of certain property and equipment and other services within the normal course of business from Liberty Global Services B.V. The accrued other liabilities due to Liberty Global Consortium consist of a €9.3 million liability to Binan Investments B.V. resulting from the stock lending agreement in order to fulfill the Company's commitments under the stock option plans.

All transactions with related parties are at regular market conditions.

5.25.2 Statement of profit or loss and other comprehensive income

<i>(in thousands of euro)</i>	For the years ended December 31	
	2014	2013
Revenue		
Liberty Global Consortium (parent)	1,313	616
Associates	1,385	1,368
Operating expenses		
Liberty Global Consortium (parent)	2,063	315
Associates	1,603	134

5.25.3 Key management compensation

For purpose of this footnote, key management is identified as people involved in strategic orientation of the Company.

<i>(in thousands of euro)</i>	For the years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	6,949	5,706
Post-employment benefits	479	435
Share-based payments (compensation cost recognized)	4,778	8,411
	12,206	14,552

5.26 Subsidiaries

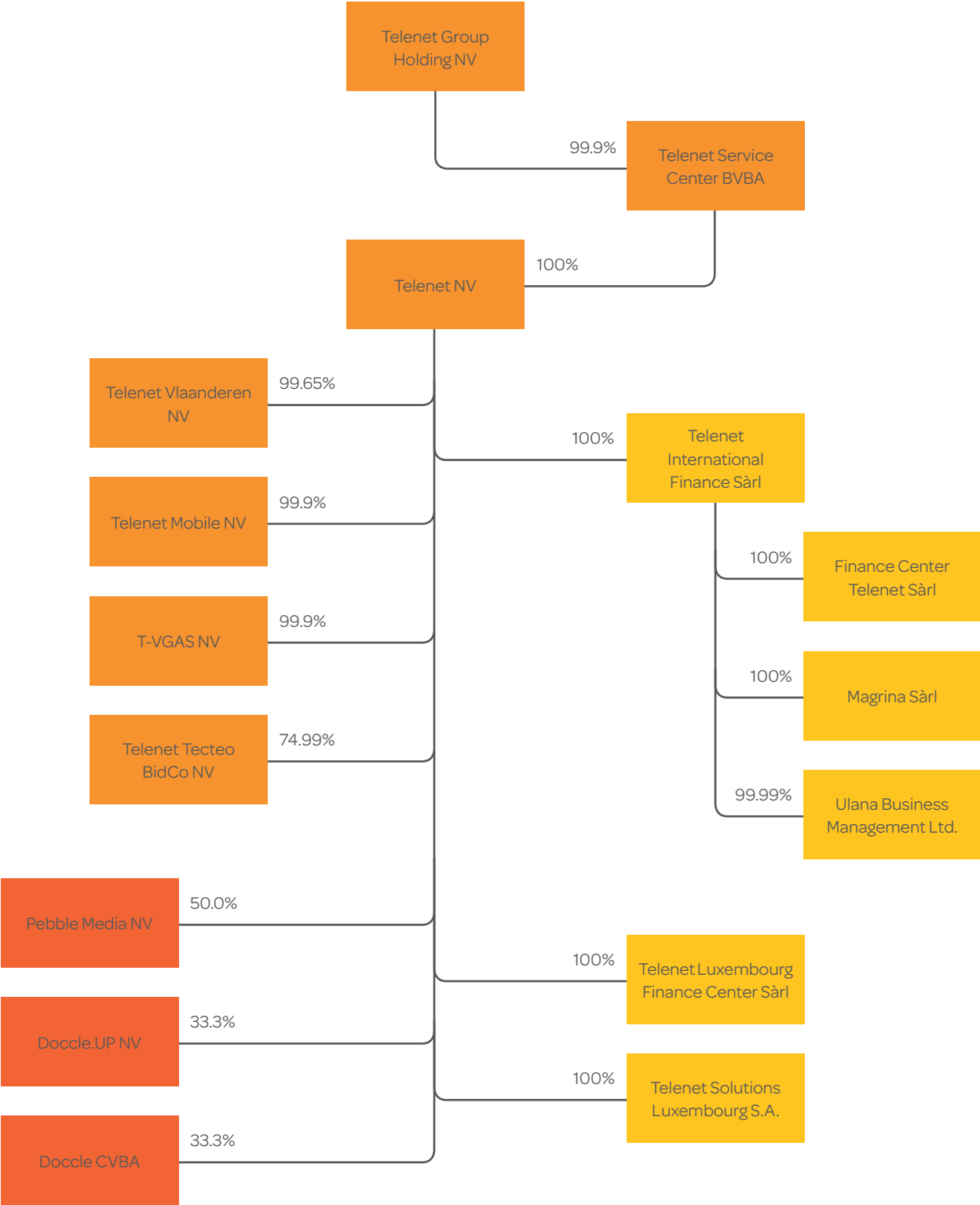
5.26.1 Subsidiaries

Details of the Company's subsidiaries as of December 31, 2014 are as follows:

Company	National number/ Trade Register number	Registered office	% 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	Liersesteenweg 4, 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 BVBA	0842.132.719	Liersesteenweg 4, 2800 Mechelen, Belgium	100%	Fully consolidated
Telenet Solutions Luxembourg S.A.	B-73.305	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Telenet International Finance S.à r.l.	B-155.066	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Telenet Luxembourg Finance Center S.à r.l.	B-155.088	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Finance Center Telenet S.à r.l.	B-165.944	2, rue Peternelchen, L-2370 Howald, Luxembourg	100%	Fully consolidated
Magrina S. à r.l.	B-182.173	40, Avenue Monterey, L-2163 Luxembourg, Luxembourg	100%	Fully consolidated
Ulana Business Management Ltd.	536635	Commercial House, Millbank Business Park, Lucan, Co. Dublin, Ireland *	100%	Fully consolidated

* Maatschappelijke zetel overgebracht naar Building P2, Eastpoint Business Park, Clontarf, Dublin 3, Ierland op 16 januari 2014

The Group chart as of December 31, 2014 is as follows:



5.26.2 Other consolidated companies

Company	Trade Register Number	Address	% Held	Consolidation Method
Telenet Finance Luxembourg S.C.A. (1)	RCS B.155.894	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance Luxembourg II S.A. (2)	RCS B.156.414	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance III Luxembourg S.C.A. (3)	RCS B.158.666	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance IV Luxembourg S.C.A. (4)	RCS B.161.083	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance V Luxembourg S.C.A. (5)	RCS B.164.890	2, rue Peternelchen, L-2370 Howald, Luxembourg	0%	Fully consolidated
Telenet Finance VI Luxembourg S.C.A. (6)	RCS B.171.030	2, rue Peternelchen, L-2370 Howald, 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. It has been determined that the Company has power over the SPE, exposure or rights to variable returns from its involvement with the SPE and ability to use its power to affect those returns and therefore concluded upon 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. It has been determined that the Company has power over the SPE, exposure or rights to variable returns from its involvement with the SPE and ability to use its power to affect those returns and therefore concluded upon 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. It has been determined that the Company has power over the SPE, exposure or rights to variable returns from its involvement with the SPE and ability to use its power to affect those returns and therefore concluded upon 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. It has been determined that the Company has power over the SPE, exposure or rights to variable returns from its involvement with the SPE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond.

(5) Telenet Finance V Luxembourg S.C.A. was incorporated on November 16, 2011 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of a High Yield Bond. On August 10, 2012, the articles of association were amended in order to make it possible to issue more than one High Yield Bond. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance V Luxembourg and 0.01% by Telenet Finance V S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offerings prohibits the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of the High Yield Bonds is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SPE, exposure or rights to variable returns from its involvement with the SPE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond.

(6) Telenet Finance VI Luxembourg S.C.A. was incorporated on August 14, 2012 as a special purpose financing company ("SPE") for the primary purpose of facilitating the offering of one or more High Yield Bonds. This entity was incorporated at the request of the Telenet Group under the laws of the Grand Duchy of Luxembourg and is owned 99.99% by a Dutch charitable trust, called Stichting Telenet Finance VI Luxembourg and 0.01% by Telenet Finance VI S.à.r.l., a 100% affiliate of this Stichting. The Indenture relating to the High Yield Bond offering(s) will prohibit the Issuer from engaging in any activities other than certain limited activities permitted. The SPE set up for the issuance of High Yield Bond(s) is designed to operate in a predetermined way so that no entity has explicit decision-making authority over the SPE's ongoing activities after its formation (i.e. it operates on 'autopilot'). Virtually all rights, obligations, and aspects of activities that could be controlled are predefined and limited by contractual provisions specified or scheduled at inception. It has been determined that the Company has power over the SPE, exposure or rights to variable returns from its involvement with the SPE and ability to use its power to affect those returns and therefore concluded upon that Telenet Group Holding should consolidate the SPE created to issue the High Yield Bond(s).

5.27 Subsequent events

Share Repurchase Program 2015

On February 12, 2015, Telenet announced the launch of a share repurchase program (the "Share Repurchase Program 2015"). Under this program, Telenet may acquire from time to time its common stock, to a maximum of 1,100,000 shares, for a maximum consideration of € 50.0 million, within a six month period. The share repurchases will be conducted under the terms and conditions approved by the extraordinary general shareholders' meeting of the Company of April 30, 2014. Telenet has mandated an intermediary to purchase Telenet shares on its behalf. The timing of the repurchase of shares pursuant to the program will be decided by such intermediary independently of Telenet and depend on a variety of factors, including market conditions. All repurchased shares will be held by the Company to cover the Company's obligations under existing stock option plans. Through March 20, 2015, the Company had acquired 323,124 own shares under the Share Repurchase Program 2015 for a total amount of €16.3 million, representing 0.31% of the total number of outstanding shares at that moment.

European Commission gives Telenet the approval for participation in De Vijver Media

On February 24, 2015, the European Commission gave Telenet its approval for the planned 50% investment in De Vijver Media. In June 2014, Telenet announced its intention to take a participation of 50% in De Vijver Media through an acquisition of Sanoma's share for € 26.0 million and an additional € 32.0 million capital increase. After the transaction, through their company W&W, Wouter Vandenhaute, CEO of De Vijver Media, and his business partner Erik Watté will keep 25% of the shares of De Vijver Media. Corelio will also keep 25% of the shares in De Vijver Media with Telenet holding the remaining 50%. In order to remove any competition concerns by the European Commission, Telenet, W&W and Corelio have given undertakings to guarantee that the channels of De Vijver Media will remain available to other television providers. Upon the completion of the transaction which occurred on February 27, 2015, Telenet will not consolidate the activities of De Vijver Media but will account for its investment applying the equity method.

Incorporation of Idealabs Telenet Fund

On March 10, 2015, Telenet announced the incorporation of Idealabs Telenet Fund, whereby NIKEVENTURES BVBA and Telenet Service Center BVBA each own 50% of the shares. Idealabs Telenet Fund has been incorporated with the purpose of organizing a start-up incubator and accelerator program. Based on a selection procedure organized by Idealabs Telenet Fund, it is intended that each year up to ten business plans for start-ups will be selected. Idealabs Telenet Fund will pay an amount of € 25,000 to the selected founders of these start-ups to incorporate the start-up. Following an additional selection process, Idealabs Telenet Fund will select, for each annual group of start-ups, up to five start-ups which will receive additional funding by Idealabs Telenet Fund in the amount of € 50,000 each in the form of a convertible loan. Within a period of four months, the selected start-ups will be offered the opportunity to participate in one or more demo-days and attract third-party investors to invest in the start-ups share capital. In the event such third-party investor is found, Idealabs Telenet Fund will be entitled to convert the € 50,000 loan into share capital of the start-up against the issuance of shares.

5.28 External audit

the general shareholders' meeting of April 30, 2014 appointed KPMG Bedrijfsrevisoren CVBA ("KPMG") as statutory auditor of the Company for a period of three years. KPMG has appointed Mr. Götwin Jackers as permanent representative.

Base fees for auditing the annual (consolidated) financial statements of Telenet Group Holding NV and its 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 2014, in relation to services provided by KPMG Bedrijfsrevisoren, amounted to EUR 645,800 (2013: EUR 612,700), which was composed of audit services for the annual financial statements of EUR 571,900 (2013: EUR 566,300) and audit related services of EUR 73,900 (2013: EUR 46,400). Audit related services mainly related to services in connection with attestation reports required by Belgian Company Law as well as other ad hoc attestation reports.

Audit and audit related fees for 2014 in relation to services provided by other offices in the KPMG network amounted to EUR 81,500 (2013: EUR 82,000), which was composed of audit services for the annual financial statements.

➤ Statutory auditor's report to the general meeting of Telenet Group Holding NV as of and for the year ended 31 December 2014

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our report on the consolidated financial statements as of and for the year ended 31 December 2014, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of Telenet Group Holding NV ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of profit or loss and other 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 3,409,088 and the consolidated statement of profit or loss and other comprehensive income shows a profit for the year of EUR'000 109,265.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated

financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify the scope of our opinion on the consolidated financial statements:

The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 25 March 2015

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory Auditor
represented by

Götwin Jackers
Bedrijfsrevisor – Réviseurs d'Entreprises

➤ Abridged annual report of the board of directors to the annual general meeting of shareholders

This section contains an abridged version of the statutory (non-consolidated) annual accounts and annual report of Telenet Group Holding NV (TGH).

The statutory auditor issued an unqualified opinion on the statutory accounts of Telenet Group Holding NV as of and for the year ended December 31, 2014. The second part of the auditor's report includes specific additional paragraphs in accordance with article 523 of the Belgian Company Code (conflict of interest reported by a member of the board of directors).

The full version of the annual accounts will be filed with the National Bank of Belgium and are available on the Company's website (<http://investors.telenet.be>).

1. Abridged non-consolidated balance sheet

(in thousands of euro)

For the years ended December 31,

2014

2013

Assets

Non-current assets

Financial assets	6,823,349	6,823,349
Total non-current assets	6,823,349	6,823,349

Current assets

Amounts receivable within 1 year	26,709	47,575
Other investments and deposits	15,276	14,362
Cash at bank and in hand	839	214
Deferred charges and accrued income	-	1
Total current assets	42,824	62,152

Total assets	6,866,173	6,885,501
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(in thousands of euro)

For the years ended December 31,

2014

2013

Equity and Liabilities

Equity

Capital	12,711	12,582
Share premium	55,565	32,687
Reserves	69,291	73,556
Profit to be carried forward	4,220,056	4,384,119
Total equity	4,357,623	4,502,944

Liabilities

Provisions	12,315	46,369
Amounts payable after more than 1 year	2,276,659	2,164,885
Amounts payable within 1 year	30,545	23,149
Accrued charges and deferred income	189,031	148,154
Total liabilities	2,508,550	2,382,557

Total Equity and Liabilities

6,866,173

6,885,501

2. Abridged non-consolidated income statement

<i>(in thousands of euro)</i>	For the years ended December 31,	
	2014	2013
Operating Income	2,200	35,243
Operating expenses	31,235	(36,740)
Operating profit / (loss)	33,435	(1,497)
Finance income	3,185	1,199
Finance expenses	(204,688)	(123,330)
Extraordinary income	-	4,440,768
Taxes	(260)	(18,296)
Profit/(loss) to be appropriated	(168,328)	4,298,844

3. Capital

	2014	
	(in thousands of euro)	(number of shares)

Issued capital

January 1, 2014	12,582	115,719,152
10/04/14 Capital increase exercise of warrants 2007quater	4	33,685
10/04/14 Capital increase exercise of warrants 2007 septies	8	76,662
10/04/14 Capital increase exercise of warrants 2010 primo	12	111,206
10/04/14 Capital increase exercise of warrants 2010 bis	-	1,976
10/04/14 Capital increase exercise of warrants 2010 ter	1	12,580
13/06/14 Capital increase ESPP 2014	38	352,650
15/07/14 Capital increase exercise of warrants 2007 quater	33	306,215
15/07/14 Capital increase exercise of warrants 2007 sexes	1	7,161
15/07/14 Capital increase exercise of warrants 2007 septies	1	8,885
15/07/14 Capital increase exercise of warrants 2010 primo	6	50,819
15/07/14 Capital increase exercise of warrants 2010 bis	1	11,381
15/07/14 Capital increase exercise of warrants 2010 ter	1	6,378
10/10/14 Capital increase exercise of warrants 2007 septies	1	8,888
10/10/14 Capital increase exercise of warrants 2010 primo	12	110,190
10/10/14 Capital increase exercise of warrants 2010 bis	-	1,976
10/10/14 Capital increase exercise of warrants 2010 ter	1	7,065
19/12/14 Capital increase exercise of warrants 2007 septies	1	10,000
19/12/14 Capital increase exercise of warrants 2010 primo	7	60,214
19/12/14 Capital increase exercise of warrants 2010 bis	-	1,979
19/12/14 Capital increase exercise of warrants 2010 ter	1	8,977
December 31, 2014	12,711	116,908,039

Composition of the capital

Dispreference shares	10	94,843
Golden shares	-	30
Ordinary shares without nominal value	12,701	116,813,166

4. Accounting policies

4.1 General

The Accounting Policies have been determined in accordance with the conditions of Chapter II of the Royal Decree of January 30, 2001 on the financial statements of companies.

Every component of the assets is valued individually. Depreciation was calculated on an annual basis up to 2001 and on a monthly basis from 2002 onwards. As a general rule, each component of the assets is valued at its acquisition cost, and shown in the balance sheet at that amount, minus any depreciation or write-downs. The amounts receivable are also shown, in principle, at their nominal value.

4.2 Specific accounting policies

4.2.1 Formation expenses

The capitalized issuance costs relating to the Senior Notes are amortized over the term of the loan and recognized in earnings pro rata the monthly amount of interest. As from 2011 onwards, debt issuance costs are expensed as incurred.

4.2.2 Financial assets

Investments are recorded at their acquisition value. For the investments recorded under the heading "Financial fixed assets", an impairment loss is accounted for in case of permanent capital loss or decline in value, justified by the situation, profitability or outlook of the respective investees.

4.2.3 Amounts receivable within one year

Amounts receivable are recorded on the balance sheet at their nominal value. An appropriate write-down will be made if part or all of the payment on the due date is uncertain, or if the recoverable amount on the balance sheet date is lower than the book value.

Amounts receivable in foreign currency are converted at the official exchange rate applicable on the date when the invoice is posted. At the end of the financial year, they are converted using the official exchange rate on the balance sheet date.

4.2.4 Other investments and cash at bank and in hand

Balances held with financial institutions are valued at their nominal value.

Securities are valued at their acquisition value. Other cash equivalents are shown at their nominal value.

The additional expenses are charged immediately to earnings. Write-downs are accounted for if the recoverable amount on the balance sheet date is lower than the book value.

4.2.5 Amounts payable after more than 1 year and within 1 year

Creditors are shown in the balance sheet at their nominal value. Trade creditors in foreign currency are shown at the exchange rate on the date when the incoming invoice was posted. At the end of the financial year, they are converted using the exchange rate on the balance sheet date.

4.2.6 Fees related to long term financing

The deferred financing fees including early redemption fees and debt issuance costs which are expensed as incurred.

4.2.7 Income statement

Income and expenses are recognized in the period to which they relate.

5. Abridged annual report concerning the statutory annual accounts of Telenet Group Holding NV

5.1 Comments on the balance sheet

5.1.1 Financial assets

The investments amounted to € 6,823.3 million (2013: € 6,823.3 million) and consisted of:

<i>(in euro)</i>	For the years ended December 31,	
	2014	2013
Investees		
Telenet Vlaanderen NV	249,438	249,438
Telenet Service Center BVBA	6,823,061,412	6,823,061,412
Telenet Mobile NV	38,062	38,062
T-VGAS NV	11	11
Investees	6,823,348,923	6,823,348,923

5.1.2 Amounts receivable within one year

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company recognized a provision amounting to € 12.3 million (2013: € 46.4 million) related to the expected future loss on own shares when the stock options are expected to be exercised. This cost was recharged to Telenet NV, the entity in which the beneficiaries are employed and all personnel expenses are incurred. The outstanding receivable at year-end 2014 amounted to € 24.3 million. Together with other recharged expenses to Telenet NV (€ 2.2 million), this resulted in a total outstanding receivable on Telenet NV as per December 31, 2014 amounting to € 26.5 million (2013: € 47.3 million).

Other short term receivables at year-end 2014 amounted to € 0.2 million and consisted mainly of withholding taxes (2013: € 0.2 million).

5.1.3 Other investments, deposits and cash

The investments as reported at year-end 2014 contained term accounts/deposits realizable within one year for an amount of € 15.3 million (2013: € 14.4 million). Composition of these investments can be summarized as follows:

<i>(in euro)</i>	For the years ended December 31,	
	2014	2013
Other investments and deposits		
Own shares	1,448,016	5,713,428
Short term deposits	13,828,000	8,648,000
Other investments and deposits	15,276,016	14,361,428

The own shares are held by the Company to cover the Company's obligations under existing stock option plans. There are no dividend rights for these shares for as long as they remain in possession of the Company. In 2014, the Company delivered 1,283,974 own shares and 200,000 available under the Stock Lending Agreement with Binan Investment B.V. in exchange for options exercised (2013: 1,900 shares).

5.1.4 Capital

The changes in capital during 2014 can be summarized as follows:

<i>(in euro)</i>	
10/04/14 Capital increase exercise of warrants 2007 quater	3,662
10/04/14 Capital increase exercise of warrants 2007 septies	8,333
10/04/14 Capital increase exercise of warrants 2010 primo	12,088
10/04/14 Capital increase exercise of warrants 2010 bis	214
10/04/14 Capital increase exercise of warrants 2010 ter	1,367
13/06/14 Capital increase ESPP 2014	38,333
15/07/14 Capital increase exercise of warrants 2007 quater	33,286
15/07/14 Capital increase exercise of warrants 2007 sexes	778
15/07/14 Capital increase exercise of warrants 2007 septies	966
15/07/14 Capital increase exercise of warrants 2010 primo	5,524
15/07/14 Capital increase exercise of warrants 2010 bis	1,237
15/07/14 Capital increase exercise of warrants 2010 ter	693
10/10/14 Capital increase exercise of warrants 2007 septies	966
10/10/14 Capital increase exercise of warrants 2010 primo	11,978
10/10/14 Capital increase exercise of warrants 2010 bis	215
10/10/14 Capital increase exercise of warrants 2010 ter	768
19/12/14 Capital increase exercise of warrants 2007 septies	1,087
19/12/14 Capital increase exercise of warrants 2010 primo	6,545
19/12/14 Capital increase exercise of warrants 2010 bis	215
19/12/14 Capital increase exercise of warrants 2010 ter	977
	129,232

5.1.5 Share premium

Upon the exercise in 2014 of warrants, an amount of € 22.9 million was accounted for as share premium (2013: € 26.6 million).

5.1.6 Reserves

Total reserves at year-end 2014 amounted to € 69.3 million (2013: € 73.6 million):

<i>(in euro)</i>	December 31, 2014	December 31, 2013
Reserves		
Legal reserve	64,798,289	64,798,289
Reserves unavailable for distribution		
- for own shares	1,448,016	5,713,428
Untaxed reserves	3,044,394	3,044,394
Reserves	69,290,699	73,556,111

The untaxed reserves of € 3.0 million relate to the capital reduction of € 3.25 as decided upon by the general meeting of shareholders in April 2012 on 648,584 own shares that were held on the payment date, being August 31, 2012. The € 2.1 million was not paid out, but added back to the Company's equity as untaxed reserves. The remaining € 0.9 million consists of the right to the 2012 dividend and capital reduction of € 3.25 and € 1.0, respectively) related to the 220,352 own shares held with respect to the obligation under the Company's stock option plans. As this right was cancelled in 2013, the corresponding amount € 0.9 million is recognized as untaxed reserves.

5.1.7 Provisions

In accordance with advice CBN 2012/3 with respect to the accounting treatment of stock option plans, the Company accounted for a provision amounting to € 12.3 million (2013: € 46.4 million) related to the expected future loss on own shares when the stock options are expected to be exercised.

5.1.8 Amounts payable after more than one year

Total amounts payable after more than one year amounted to € 2,276.7 million at year-end 2014 and remained stable compared to last year:

<i>(in euro)</i>	For the years ended December 31,	
	2014	2013
Amounts payable after more than one year		
Telenet International Finance S.à r.l.	1,456,563,024	1,396,729,548
Finance Center Telenet S.à r.l.	820,096,297	768,155,929
Amounts payable after more than one year	2,276,659,321	2,164,885,477

5.1.9 Amounts payable within one year

Amounts payable within one year amounted to € 30.5 million compared to € 23.1 million at year-end 2013 and can be detailed as follows:

<i>(in euro)</i>	For the years ended December 31,	
	2014	2013
Amounts payable within one year		
Trade debts	9,441,893	583,906
Taxes, remuneration and social security	20,090,836	19,547,052
Other amounts payable		
- current account Telenet International Finance S.à r.l.	-	2,001,339
- other	1,011,938	1,016,587
Amounts payable within one year	30,544,667	23,148,884

Trade debt consists amounted to € 9.4 million (compared to € 0.6 million as of December 31, 2013) and consist almost entirely of invoices to receive.

The taxes, remuneration and social security outstanding as of December 31, 2014 amounted to € 20.1 million (2013: € 19.5 million) and consisted primarily of the 0.412% tax on the capital gain on the Telenet NV shares realized by the Company in 2013, representing a tax liability of € 18.6 million. The remaining € 1.2 million consists amongst others of a provision for social security charges related to performance shares

which are payable upon vesting of the underlying performance shares amounting to € 0.9 million (2013: € 0.7 million).

The current account with Telenet International Finance S.à r.l. (€ 2.0 million) was redeemed in 2014.

The other amounts payable for an amount of € 1.0 million (2013: € 1.0 million) consisted of past dividends and capital reductions payable, but which were as of December 31, 2014 not yet claimed.

5.1.10 Accrued charges and deferred income

Accrued charges and deferred income within one year amounted to € 189.0 million (2013: € 148.2 million) and can be detailed as follows:

<i>(in euro)</i>	For the years ended December 31,	
	2014	2013
Accrued charges and deferred income		
- Telenet International Finance S.à r.l.	158,239,611	107,476,057
- Finance Center Telenet S.à r.l.	30,790,979	40,677,599
Accrued charges and deferred income	189,030,590	148,153,656

The accrued charges consisted integrally of the monthly interest accruals accounted for during the year on the long-term debt to Telenet International Finance S.à r.l. amounting to € 158.2 million (2013: € 107.5 million) and Finance Center Telenet S.à r.l. amounting to € 30.8 million (2013: € 40.7 million).

5.2 Comments on the income statement

The income statement showed a loss of € 168,328,273.93 for the financial year ended December 31, 2014 (versus a profit of € 4,298,843,786.29 in 2013). Net operating profit for the year amounted to € 33,434,398.30 (compared to a loss of € 1,496,632.26 in 2013).

Finance income amounted to € 3.2 million for 2014 compared to € 1.2 million in 2013.

Finance expense amounted to € 204.7 million for the year ended December 31, 2014 compared to € 123.3 million prior year and consists of:

<i>(in euro)</i>	For the years ended December 31,	
	2014	2013
Finance expense		
Interest charges		
- Bank	2,990	22
- Telenet International Finance S.à r.l.	99,719,900	85,142,871
- Finance Center Telenet S.à r.l.	63,000,508	38,130,046
Sale of treasury shares	35,704,917	-
Amortization of financing cost	6,229,431	-
Other finance expense	30,087	57,552
Finance expense	204,687,833	123,330,491

At the occasion of its contribution of shares held in Telenet NV into Telenet Service Center BVBA in 2013, the Company realized a capital gain of € 4,440.8 million, which was recorded as extraordinary income in 2013. The current tax expense as recorded in 2013 amounted to € 18.3 million and consisted of the tax on the capital gain on the Telenet NV shares.

The Company proposes to the general shareholders' meeting to:

- bring forward the profit brought forward at the prior year-end amounting to € 4,384,119,012.88, resulting in a profit available for appropriation amounting to € 4,215,790,738.95 at December 31, 2014;
- withdraw an amount of € 4,265,411.80 from the reserves unavailable for distribution for own shares, related to the delivery of own shares to stock option holders which exercised stock options in 2014.

As a result, the profit to be carried forward amounted to € 4,220,056,150.75 as of December 31, 2014.

5.3 Information on research and development

We refer to the consolidated annual report of the board of directors.

5.4 Risk factors

We refer to the consolidated annual report of the board of directors.

5.5 Information about subsequent events

We refer to the consolidated annual report of the board of directors.

5.6 Going concern

The going concern of the Company is entirely dependent on that of the Telenet Group.

Currently, the Telenet Group still has a substantial amount of losses carried forward on the balance sheet, but succeeded to deliver solid Adjusted EBITDA margins and growing operational cash flows. This is entirely aligned with the Company's long range plan, which encompasses a continued development of the Company's profit generating activities in order to absorb the losses carried forward over time. Because of the continued strong growth in the number of subscribers on telephony, internet and digital television and a further focus on cost control and process improvements, the Company was again able to deliver strong operating results.

As of December 31, 2014, the Company carried a total debt balance (including accrued interest) of € 3,733.5 million, of which € 1,357.0 million principal amount is owed under the 2010 Amended Senior Credit Facility (consisting of the Term Loans W and Y issued in April 2014) and € 1,900.0 million principal amount is related to the remaining four Notes. The Company's total debt balance at December 31, 2014 also included € 38.5 million for the outstanding portion of the 3G mobile spectrum including accrued interest. The remainder primarily represents the capital lease obligations associated with the Interkabel Acquisition.

Taking into account the growing positive Adjusted EBITDA results of the current year, the board of directors believes that the Telenet Group will be able to fund the further development of its operations and to meet its obligations and believes that the current valuation rules, as enclosed in the annual accounts, and in which the continuity of the Company is assumed, are correct and justified under the current circumstances.

5.7 Application of legal rules regarding conflicts of interest

We refer to the consolidated annual report of the board of directors.

5.8 Branch offices of the company

Telenet Group Holding NV has no branch offices.

5.9 Extraordinary activities and special assignments carried out by the auditor

We refer to the notes to the consolidated financial statements of the Company.

5.10 Telenet hedging policy and the use of financial instruments

We refer to the consolidated annual report of the board of directors.

5.11 Grant of discharge to the directors and statutory auditor

In accordance with the law and articles of association, the shareholders will be requested at the annual shareholders' meeting of April 29, 2015 to grant discharge to the directors and the statutory auditors of their responsibilities assumed in the financial year 2014.

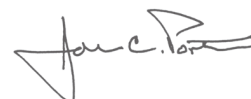
5.12 Information required pursuant to article 34 of the Belgian royal decree of November 14, 2007 and the law of April 6, 2010

We refer to the consolidated annual report of the board of directors.

This report shall be deposited in accordance with the relevant legal provisions and is available at the registered office of the Company.

Mechelen, March 25, 2015

On behalf of the board of directors



John Porter
Chief Executive Officer



Bert De Graeve
Chairman

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