Telenet Group Holding

PUBLIC LIMITED LIABILITY COMPANY / NAAMLOZE VENNOOTSCHAP

Liersesteenweg 4
2800 Mechelen, Belgium
RLP number 0477.702.333

Special report of the board of directors pursuant to, as far as needed and applicable, Article 582 of the Belgian Company Code and Article 560 of the Belgian Company Code

March 24, 2010

1. Introduction

This special report has been prepared, as far as needed and applicable, by the board of directors of the public limited liability company "Telenet Group Holding" (the "Company") pursuant to Article 582 and Article 560 of the Belgian Company Code.

The board of directors has prepared this report, as far as needed and applicable, pursuant to Article 560 of the Belgian Company Code in connection with the proposed capital decrease (whereby it is proposed that all holders of shares be treated equally and be paid the same amount), the amendment of certain issuance conditions of the Class A Options that were issued by the Company on May 27, 2004 and of the Class B Options that were issued by the Company on December 15, 2004, the amendment of certain issuance conditions of the Class A Profit Certificates that were issued by the Company on May 27, 2004 under the condition precedent of the exercise of the Class A Options and of the Class B Profit Certificates that were issued by the Company on December 15, 2004 under the condition precedent of the exercise of the Class B Options, the issuance of shares as a consequence of the possible conversion (through a unification of titles) of the adjusted Class A Profit Certificates and the adjusted Class B Profit Certificates into ordinary Shares of the Company, the possible capital increase resulting from the conversion (through a unification of titles) of the adjusted Class A Profit Certificates and the adjusted Class B Profit Certificates into ordinary Shares of the Company, the potential equalization of the fraction value of such shares and the fraction value of the then outstanding shares of the Company and the proposed amendment of the articles of association as included inthe agenda of the extraordinary general shareholders meeting of April 28, 2010.

The board of directors has prepared this report, as far as needed and applicable, pursuant to Article 582 of the Belgian Company Code in connection with the potential issuance of shares below the fraction value of the shares outstanding at the time of the conversion (through a unification of titles) of the Class A and / or Class B Profit Certificates into ordinary Shares of the Company, following the aforementioned adjustments of the terms and conditions of the Class A and Class B Profit Certificates.

This report and the proposal to make the adjustments mentioned below will be submitted to an extraordinary general shareholders' meeting of the Company.

2. Background - proposed transaction - justification

2.1 Issuance of Class A Options and Class A Profit Certificates

On May 27, 2004, the Company (i) issued 500,000 Class A Options with an exercise price of EUR 20.00 per Class A Option, (ii) issued 500,000 Class A Profit Certificates with a subscription price of EUR 20.00 per Class A Profit Certificate, subject to the condition precedent of the exercise of the 500,000 Class A Options, and (iii) increased its capital and issued ordinary Shares, subject to the condition precedent and to the extent that Class A Profit Certificates would be converted (by a unification of titles) according to their issuance conditions into ordinary Shares.

The Class A Options were granted by the Company to certain beneficiaries in the context of an option plan, aimed at encouraging and motivating the beneficiaries of the option plan, enabling the Company and its subsidiaries to attract and retain managers and employees with the requested experience and skills and linking the interest of the beneficiaries of the option plan closer to those of the shareholders of the Company.

If a holder exercises a Class A Option, he acquires a Class A Profit Certificate. In the circumstances described in the issuance conditions of the Class A Profit Certificates, the holder of a Class A Profit Certificate can request the conversion of the Class A Profit Certificate into an ordinary Share of the Company. Such possible conversion (by a unification of title) occurs on a 1-for-1 basis.

For more details with respect to the Class A Options, the Class A Profit Certificates and the decisions of the extraordinary general meeting of May 27, 2004, reference is made to the reports prepared by the board of directors and the Statutory Auditor of the Company pursuant to Article 560 and Article 582 of the Belgian Company at that time, to the decisions taken by the shareholders at the aforementioned meeting of May 27, 2004, and to Article 8bis of the articles of association of the Company.

2.2 Issuance of Class B Options and Class B Profit Certificates

On December 15, 2004, the Company (i) issued 450,000 Class B Options with an exercise price of EUR 25.00 per Class B Option, (ii) issued 450,000 Class B Profit Certificates with a subscription price of EUR 25.00 per Class B Profit Certificate, subject to the condition precedent of the exercise of the 450,000 Class B Options, and (iii) increased its capital and issued ordinary Shares, subject to the condition precedent and to the extent that Class B Profit Certificates would be converted (by a unification of titles) according to their issuance conditions into ordinary Shares.

The Class B Options were granted by the Company to certain beneficiaries in the context of an option plan, aimed at encouraging and motivating the beneficiaries of the option plan, enabling the Company and its subsidiaries to attract and retain managers and employees with the requested experience and skills and linking the interest of the beneficiaries of the option plan closer to those of the shareholders of the Company.

If an employee exercises a Class B Option, he acquires a Class B Profit Certificate. In the circumstances described in the issuance conditions of the Class B Profit Certificates, the holder of a Class B Profit Certificate can request the conversion of a Class B Profit Certificate into an ordinary Share of the Company. Such conversion (by a unification of title) occurs on a 1-for-1 basis.

For more details with respect to the Class B Options, the Class B Profit Certificates and the decisions of the extraordinary general meeting of December 15, 2004, reference is made to the reports prepared by the board of directors of the Company and the Statutory Auditor pursuant to Article 560 and Article 582 of the Belgian Company at that time, to the decisions taken by the shareholders at the aforementioned meeting of December 15, 2004, and to Article 8ter of the articles of association of the Company.

2.3 Preceding split and other adjustments of Class A and Class B Options and of Class A and Class B Profit Certificates

After the issuance of the Class A and the Class B Options and the issuance (under the condition precedent of the exercise of the Cass A and the Class B Options) of the Class A Profit Certificates and the Class B Profit Certificates, the number and the exercise price of the Class A and the Class B Options and the number and the subscription prices of the Class A and Class B Profit Certificates were adjusted at different times, in order to take into account the 2005 Stock Split and the capital decreases decided upon by the general meeting of the Company on, respectively, August 17, 2007 and May 28, 2009.

On date of this report each Class A Option gives the right to its holder, subject to certain conditions, to subscribe to one Class A Profit Certificate against payment of EUR 4.92 and each Class B Option gives the right to its holder, subject to certain conditions, to subscribe to one Class B Profit Certificate against payment of EUR 6.16. Each Class A Profit Certificate and each Class B Profit Certificate can be converted into one share of the Company.

On date of this report there are 270,303 Class A Options outstanding, 48,300 Class B Options outstanding and 92,575 Class B Profit Certificates outstanding. Prior to the proposed capital decrease which is discussed below, however, no Class A Profit Certificates or Class B Profit Certificates will be outstanding anymore and the aforementioned 92,575 outstanding Class B Profit Certificates (by means of unification of titles) will have been converted into ordinary shares of the Company.

2.4 Shares of the Company and proposed effective capital decrease

The Company has at the date of this report, a total of 111,814,054 shares outstanding.

As indicated in the agenda for the extraordinary general meeting, it is being proposed to the shareholders of the Company to decrease the share capital of the Company by an amount to be finally decided upon by the general meeting, upon proposal of the board of directors, equal to the number of outstanding and existing shares on date of the extraordinary general meeting which decides upon the capital decrease multiplied by two euro twenty three eurocents (EUR 2.23), as a result of which the company's share capital will be decreased by the amount that will be finally decided upon by the general meeting, upon proposal of the board directors, as mentioned above, without decrease of the number of shares and by way of an effective cash repayment of a part of the capital of the Company

The board of directors proposes to the shareholders of the Company that all holders of shares (including the Liquidation Dispreference Shares and the Golden Shares) be paid an equal part of the existing capital at the occasion of the aforementioned effective capital decrease.

If the shareholders approve such proposed effective capital decrease, the capital of the Company will - subject to the appropriate Belgian Company Law procedures – be decreased by an amount equal to the product of the number of outstanding and existing shares on the date of the extraordinary general meeting deciding on the capital decrease and two euro twenty three eurocents (EUR 2.23).

2.5 Impact of the effective capital decrease and proposed amendments with respect to the Class A and Class B Options and Class A and Class B Profit Certificates

If the capital decrease is approved by the shareholders of the Company, the net equity of the Company will decrease. The position of the holders of the Class A and Class B Options is affected in a negative way by the capital decrease. Because of these consequences, the board of directors proposes to the shareholders to make appropriate adjustments to the Class A Options and the Class B Options and to the Class A Profit Certificates and the Class B Profit Certificates.

The board of directors proposes more particularly to the shareholders to make appropriate adjustments on the basis of the rules provided for in the "*Corporate Actions Policy*" of Euronext-Liffe, i.e. the derivatives market of Euronext. Also at the time of the previous capital decreases decided upon by the shareholders of the Company these rules were followed and applied. The board of directors is of the opinion that the use of these rules is appropriate, as they provide for market-conform adjustment mechanisms and rules that are customarily used with respect to (amongst others) options.

According to the "*Corporate Actions Policy*" of Euronext-Liffe, the so-called "*Ratio Method*" should be used in making adjustments to option contracts in the event of a capital decrease. The "*Ratio Method*" provides that both the "lot size" (in the present case, the number of Class A Profit Certificates and the number of Class B Profit Certificates underlying respectively the Class A Options and the Class B Options) and the exercise price of the options need to be adjusted. The "*Ratio Method*" prescribes that the lot size must be divided by the "*Adjustment Ratio*" and that the exercise price must multiplied by the "*Adjustment Ratio*".

In the present case, applying the "*Ratio Method*" implies that the following adjustments should be made as a consequence of the capital decrease: (i) a decrease of the exercise price of the Class A Options (and consequently a decrease of the subscription price of the Class A Profit Certificates), (ii) a decrease of the exercise price of the Class B Options (and consequently a decrease of the subscription price of the Class A Profit Certificates), (iii) an increase of the number of Class A Options (and consequently an increase of the number of Class A Profit Certificates, and therefore potentially of the number of ordinary Shares) and (iv) an increase of the number of Class B Options (and consequently an increase of the number of Class B Profit Certificates and therefore potentially of the number of ordinary Shares). The adjustments proposed to the shareholders will only become effective upon the actual approval of the capital decrease and the actual pay-out of the capital decrease.

According to the "*Corporate Actions Policy*" of Euronext-Liffe, the "*Adjustment Ratio*" is equal to:

$$\boxed{\frac{P - Od - E}{P - Od}}$$

Whereby:

- P = the closing stock exchange price of the company's share as listed on Euronext Brussels with coupon number three (3) attached thereto, being the share "cum right" (i.e. the right to obtain a repayment of the Benefit), on the "record date", which will be determined by the board of directors and which will be in principle three (3) business days preceding the payment date and which will be communicated in accordance with the applicable legislation and regulations.

- Od = any ordinary dividend payment per share which has the same ex date as "E" (in the present case, Od equals zero)

- E = the amount of the capital decrease per share.

If the amount of the capital decrease were indeed to amount to two euro twenty three eurocents (EUR 2.23) per share, the application of the proposed adjustments can be illustrated by the following hypothetical example with respect to the Class A Options:

Assumptions:

- 100 Class A Options: EUR 4.92 exercise price per Class A Option
- Stock exchange price share cum entitlement = EUR 22.23
- Capital decrease per share = EUR 2.23
- Stock exchange price share after payment = EUR 20.00

Formula

- Adjustment Ratio: (22.23-2.23)/22.23 = 0.90
- number of options = 100 : 0.90 = 111
- exercise price = 4.92 x 0.90 = EUR 4.43

Result

- underlying value before conversion = EUR 2,223.00 (i.e. 100 x 22.23)
- underlying value after conversion = EUR 2,220.00 (i.e. 111 x 20)
- intrinsic gain before conversion = EUR 1,731.00 (i.e. (22.23-4.92) x 100)
- intrinsic gain after conversion = EUR 1,728.27 (i.e. (20-4.43) x 111)

If the amount of the capital decrease were indeed to amount to two euro twenty three eurocents (EUR 2.23), the application of the proposed adjustments can be illustrated by the following hypothetical example with respect to the Class B Options:

Assumptions:

- 100 Class B Options: EUR 6.16 exercise price per Class B Option
- Stock exchange price share cum entitlement = EUR 22.23
- Capital decrease per share = EUR 2.23
- Stock exchange price share after payment = EUR 20.00

Formula

- Adjustment ratio: (22.23-2.23)/22.23 = 0.90
- number of options = 100 : 0.90 = 111
- exercise price = 6.16 x 0.90 = EUR 5.54

Result

- underlying value before conversion = EUR 2,223.00 (i.e. 100 x 22.23)
- underlying value after conversion = EUR 2,220.00 (i.e. 111 x 20)
- intrinsic gain before conversion = EUR 1,607.00 (i.e. (22.23-6.16) x 100)
- intrinsic gain after conversion = EUR 1,605.06 (i.e. (20.00-5.54) x 111)

The board of directors of the Company stresses that the aforementioned examples are only hypothetical cases and that the numbers used in these examples are for illustration purposes only.

On the date of this report, there were still 270,303 Class A Options and 48,300 Class B Options outstanding.

When applying the aforementioned formula under the assumptions mentioned above (and more particularly assuming a capital decrease of EUR 2.23 per share) in the aforementioned hypothetical examples, the results of the prescribed adjustments would be as follows:

(i) the 270,303 outstanding Class A Options would be adjusted to 300,337 Class A Options, whereby the former exercise price of EUR 4.92 per Class A Option would be adjusted to an exercise price of EUR 4.43 per Class A Option;

as a consequence, there would be 300,337 Class A Profit Certificates with a subscription price of each EUR 4.43, which could be converted into 300,337 ordinary Shares;

(ii) the 48,300 outstanding Class B Options would be adjusted to 53,667 Class B Options, whereby the former exercise price of EUR 6.16 per Class B Option would be adjusted to an exercise price of each EUR 5.54 per Class B Option;

as a consequence, there would be 53,667 Class B Profit Certificates with a subscription price of each EUR 5.54, which could be converted into 53,667 ordinary Shares.

The board of directors of the Company stresses that the exact number of Class A Options (and consequently of Class A Profit Certificates and potentially of ordinary Shares), the exact number of Class B Options (and consequently of Class B Profit Certificates and potentially of ordinary Shares), the exact exercise price of the Class A Options (and consequently the subscription price of the Class A Profit Certificates) and the exact exercise price of the Class B Options (and consequently the subscription price of the Class B Profit Certificates) will need to be determined by applying the aforementioned formulas to the actual data at the time of the payment of the capital decrease.

* *

The board of directors also wishes to remark that not only the Class A and the Class B Options and the Class A and the Class B Profit Certificates will be adjusted following the proposed capital decrease, but that also a number of warrants in the framework of the proposed capital decrease, and in the same manner as described above, will be adjusted. The board of directors refers in this respect to the agenda of the extraordinary general meeting. More specificly, it relates to warrants that were issued on December 27, 2007 ("ESOP 2007"), May 29, 2008 ("ESOP 2008") and May 28, 2009 ("ESOP 2009") and warrants which will possibly be issued by the extraordinary general shareholders' meeting April 28, 2010 ("ESOP 2010"). On the date of this report the total number of still outstanding warrants under the ESOP 2007, the ESOP 2008 and the ESOP 2009 amounts to 3,226,554. The number of warrants under the ESOP 2010, upon which the extraordinary general shareholders' meeting of April 28, 2010 shall have to decide, amounts to 2,800,000. As determined in the agenda of the extraordinary general meeting, only the number and the exercise price of the warrants which are already granted under the ESOP 2007, the ESOP 2008, the ESOP 2009 and the ESOP 2010 on the date of effective repayment of the capital decrease are adjusted. The adjustments of these warrants in the framework of the proposed capital decrease is not further discussed because their exercise does not give rise to the exercise of shares below the fraction value of the existing shares of the Company.

2.6 Equalization of fraction value of the shares upon conversion of the Class A and Class B Profit Certificates into ordinary Shares

As indicated above, the Class A Profit Certificates and the Class B Profit Certificates can in certain circumstances be converted (by a unification of title) into ordinary Shares of the Company on a 1-for-1 basis.

At the time the Class A and Class B Options and the Class A and Class B Profit Certificates were issued, the Company's shareholders' meeting also decided, subject to certain conditions, that the Class A and Class B Profit Certificates could be converted into ordinary Shares of the Company. In the event of such a conversion, the subscription price of the Class A or Class B Profit Certificate will be incorporated into the Company's share capital, in whole or in part, depending on the fraction value of the shares of the Company outstanding prior to such conversion. It was also decided by the Company's shareholders' meeting that following such conversion into ordinary Shares, all shares of the Company would represent the same fraction of the Company's share capital.

As a result of the aforementioned adjustments of certain issuance conditions of the Class A and Class B Options and the Class A and Class B Profit Certificates, the number and the exercise price of the Class A and Class B Options and the number and the subscription price of the Class A and the Class B Profit Certificates will be amended. The aforementioned capital decrease will also have an impact on the fraction value of the shares of the Company. These amendments and changes will therefore have an impact on the amount to be incorporated into the share capital of the Company upon the conversion (by way of a unification of title) of the Class A or Class B Profit Certificates into ordinary Shares of the Company. The board of directors proposes however to the shareholders to maintain, following the adjustment of the Class A and Class B Options and the Class A and the Class B Profit Certificates pursuant to the aforementioned rules, the decision that following such conversion into ordinary Shares, all shares of the Company would represent the same fraction of the Company's share capital.

The board of directors is indeed of the opinion that such equalization is and remains justified after the adjustments discussed above, in order to achieve that all ordinary Shares share to the same extent in the share capital of the Company and thus have the same preferential rights, voting rights, dividend rights and liquidation rights, unless specified otherwise in the articles of association of the Company.

3. Proposed amendment of the articles of association

The board of directors proposes to amend the articles of association of the Company as determined in the Annex A, which is attached to this report. The proposed amendment of the articles of association is proposed in the framework of a simplification of the articles of association of the Company, which the board of directors deems in the interest of the Company.

4. Financial consequences for the shareholders

Pursuant to Article 582 of the Belgian Company Code, the board of directors hereinafter elaborates on the financial consequences of the potential issuance of shares below the fraction value of the existing shares upon the conversion of Class A and Class B Profit Certificates (by a unification of title), taking into account the aforementioned proposed amendments, in ordinary Shares.

The financial consequences of the issuance of the Class A and Class B Options, of the conditional issuance of the Class A and Class B Profit Certificates, of the conditional issuance of ordinary Shares of the Company in the context of the possible conversion of the Class A and Class B Profit Certificates and of the conditional capital increase resulting from such conversion, have been described in detail in the reports that have been prepared by the board of directors and the Statutory Auditor of the Company pursuant to article 582 of the Belgian Company Code in the context of the extraordinary general meetings of the Company held on respectively May 27, 2004 and December 15, 2004.

The board of directors refers to the aforementioned reports and the description of the financial consequences described therein.

As a consequence of the proposed adjustments of the Class A and Class B Options and the Class A and Class B Profit Certificates that the board of directors proposes (as described above), the number of Class A and Class B Options and the number of the Class A Profit Certificates and the Class B Profit Certificates will be increased. As a consequences of the adjustments of the Class A and Class B Options and the Class A and Class B Profit Certificates that the board of directors proposes (as described above), the exercise price of the Class A and Class B Options and the subscription price of the Class A Profit Certificates and the Class B Profit Certificates will be decreased. These adjustments will have an impact on the financial consequences as previously described by the board of directors in 2004.

At this stage and taking into account that the aforementioned adjustment formulas need to be applied at the time of the actual payment of the capital decrease to the shareholders with the then available data, it is only possible to illustrate the altered financial consequences for the shareholders on the basis of an example.

The board of directors therefore illustrates hereinafter the financial consequences on the basis of the aforementioned hypothetical example, whereby it is furthermore assumed that (i) an amount of EUR 2.23 per share will be paid as a consequence of the capital decrease and (ii) that the number of shares existing and outstanding on the date of this report (increased, however, by 92,575, i.e. the number of at the date of this report outstanding Class B Profit Certificates that will still be converted prior to the extraordinary general meeting which will have to decide upon the proposed capital decrease (by means of unification of titles) into ordinary shares) does not change in the period between the date of this report and the date of the extraordinary general meeting. It is therefore assumed in the illustrative description of financial consequences that:

(i) the 270,303 outstanding Class A Options would be adjusted to 300,337 Class A Options, whereby the former implied exercise price of EUR 4.92 per Class A Option would be adjusted to an exercise price of EUR 4.43 per Class A Option;

as a consequence, there would be 300,337 Class A Profit Certificates with a subscription price of each EUR 4.43, which could be converted into 300,337 ordinary Shares;

(ii) the 48,300 outstanding Class B Options would be adjusted to 53,667 Class B Options, whereby the former implied exercise price of EUR 6.16 per Class B Option would be adjusted to an exercise price of each EUR 5.54 per Class B Option;

as a consequence, there would be 53,667 Class B Profit Certificates with a subscription price of each EUR 5.54, which could be converted into 53,667 ordinary Shares.

If (i) the amount of the capital decrease would be different from EUR 2.23, and / or (ii) if the number of existing and outstanding shares of the Company at the time of the extraordinary general meeting would be different from the number of existing and outstanding shares of the Company at the date of this report (increased, however, by 92,575, i.e. the number of at the date of this report outstanding Class B Profit Certificates that will still be converted prior to the extraordinary general meeting which will have to decide upon the proposed capital increase (by means of unification of titles) into ordinary shares), the actual financial consequences of the proposed adjustments to the Class A and Class B Options and the Class A and Class B Profit Certificates, and their possible conversion into ordinary Shares of the Company, will be different from those described below.

The following illustrative financial consequences relate to all outstanding Class A and Class B Options as such, and thus not to the mere consequences of the proposed adjustments to the Class A and Class B Options and the Class A and Class B Profit Certificates.

4.1 The share capital of the Company

At the date of this report, the share capital of the Company amounts to EUR 1,042,679,749.09, represented by 111,814,054 shares without nominal value that each represents 1/111,814,054th of the share capital. The fraction value of the shares amounts at the date of this report to EUR 9.33 per share.

If the capital of the Company were to be decreased with an amount of EUR 249,551,782.67 (i.e. the product of the assumed EUR 2.23 capital decrease per share and 111,906,629 shares of the Company, i.e. the 111,814,054 shares outstanding at the date of this report, increased by 92,575), the share capital of the Company would amount to EUR 793,127,966.42, represented by 111,906,629 shares without nominal value that each represents 1/111,906,629th of the share capital. The fraction value of the shares would then amount to EUR 7.0874 per share.

As indicated above, it should be noted that there are, at the date of this report, (i) under the ESOP 2007, the ESOP 2008 and the ESOP 2010 also still 3,226,554 warrants outstanding – allowing the holders to subscribe to one ordinary new share per warrant, and (ii) that the extraordinary general meeting of April 28, 2010 will have to decide upon the issuance of 2,800,000 new warrants in the framework of the ESOP 2010. These outstanding warrants and the warrants of which the issuance is proposed in the framework of the ESOP 2010 are, however, hereinafter not taken into account.

Taking into account that the Class A and Class B Profit Certificates do not represent the capital of the Company, the capital of the Company will not be affected upon the subscription of the Class A and Class B Profit Certificates. However, if the Class A and the Class B Options are exercised and the Class A and Class B Profit Certificates are issued, the subscription price of the Class A and the Class B Profit Certificates must be booked by the Company on a special unavailable (net equity) account, denominated "Profit Certificates Account", which will represent to the same extent as the capital of the Company a guarantee for third parties and which can only be decreased or booked away by a decision of the general meeting of the Company passed in the manner required for an amendment to the articles of association of the Company. Consequently, an exercise of the Class A and the Class B Options will not affect the share capital of the Company.

If the Class A and the Class B Profit Certificates are converted (through a unification of titles) into ordinary Shares of the Company, the (i) capital of the Company shall be increased by an amount that is equal to the lower of (a) the fraction value of the existing shares of the Company and (b) the respective subscription price of the Class A respectively Class B Profit Certificates; (ii) an amount equal to the difference between the amount mentioned under (i)(b) and the amount mentioned under (i)(a), provided this difference is positive, shall be booked as an issuance premium (that will represent to the same extent as the capital of the Company a guarantee for third parties and that can only be decreased or booked away by a decision of the general meeting of the Company passed in the manner required for an amendment to the articles of association of the Company), and (iii) the separate unavailable account "Profit Certificates Account" shall be decreased with an amount equal to the amount which was paid on the Class A, respectively Class B Profit Certificate.

If all 300,337 Class A Profit Certificates (i.e. the assumed new number of Class A Profit Certificates in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) and if all 53,667 Class B Profit Certificates (i.e. the assumed new number of Class B Profit Certificates in the current hypothetical example assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) were for instance to be converted (through a unification of titles) in 354,004 ordinary Shares, the capital of the Company would be increased with an amount of EUR 1,627,808.09, assuming that the fraction value of the then existing shares of the Company is higher than EUR 4.43.

If the Class A and the Class B Profit Certificates were to be converted (through a unification of titles) into ordinary Shares of the Company, it is possible that the subscription price of respectively the Class A Profit Certificate or the Class B Profit Certificate is lower than the fraction value of the existing shares at the moment of the issuance of the ordinary Shares of the Company. After a conversion of the Class A and Class B Profit Certificates into ordinary Shares of the Company, each ordinary Share of the Company shall, however, represent the same fraction of the share capital as the other shares of the Company. On the basis of the aforementioned information, the fraction value of the shares would, upon a conversion of all 354,004 Class A – and Class B Profit Certificates into ordinary shares (through a unification of titles), decrease from 7.0874 EUR per share to 7.0795 EUR per share.

4.2 Changes to the voting rights

Each share of the Company currently represents an equal part of the share capital of the Company and has one (1) vote in proportion to the share capital that it represents.

The holders of Class A and Class B Profit Certificates will have no voting rights, except in those specific cases provided for under Belgian Company Law. Reference in this context is made to Article 8bis and 8ter of the articles of association of the Company. These rules will not be changed.

If the Class A and the Class B Profit Certificates are converted (through a unification of titles) into ordinary Shares of the Company, each ordinary Share of the Company shall (i) represent the same fraction of the capital as the other shares of the Company and (ii) have the rights and obligations as defined and set forth in the articles of association of the Company.

A conversion of Class A and Class B Profit Certificates into ordinary Shares of the Company will therefore entail a dilution of the existing shareholders of the Company and of the relative voting powers of each share of the Company. To the extent that the participation of each share in the share capital is additionally diluted in case of an issuance of the ordinary Shares of the Company at an issuance price below the fraction value of the existing shares and each share - upon equalization of the fraction values - represents a smaller portion of the share capital of the Company, this dilution will be amplified. As a result, upon issuance of ordinary Shares of the Company at an issuance price per share below the fraction value of the then existing shares, the aggregate voting power per share shall also be additionally diluted. This dilution was already provided in the terms and conditions of the Class A and Class B Profit Certificates, but it is possible that the effect of the dilution will be amplified as the proposed amendments will entail that the number of Class A and Class B Options and the number of Class A and Class B Profit Certificates and thus the number of ordinary Shares into which the Class A and Class B Profit Certificates can be converted, will be increased.

4.3 Changes to the participation in the profits and liquidation proceeds and other patrimonial rights

The Class A and Class B Profit Certificates will, in the same proportion as the ordinary Shares of the Company, participate in the profits, if any, of the Company that would be distributed as of and for the entire fiscal year in which the Class A and Class B Options have been exercised. The Class A and the Class B Profit Certificates will benefit from the liquidation proceeds, if any, in the same way and in the same proportion as the ordinary Shares of the Company. If all 300,337 Class A Options (i.e. the assumed new number of Class A Options in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) and if all 53,667 Class B Options (i.e. the assumed new number of Class B Options in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) are therefore exercised and all 300,337 Class A Profit Certificates (i.e. the assumed new number of Class A Profit Certificates in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) and all 53,667 Class B Profit Certificates (i.e. the assumed new number of Class B Profit Certificates in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) are issued, there will be a dilution of the existing shareholders with respect to the participation in the profits and the liquidation proceeds.

The holder of a Class A or a Class B Profit Certificate has in no circumstances preferential subscription right and has especially no such rights in case of a capital increase or in case of the issuance of new profit certificates by the Company.

If the Class A and Class B Profit Certificates were to be converted (through a unification of titles) into ordinary Shares of the Company, there will be no additional dilution for the existing shareholders of the Company with respect to the participation in the profits and liquidation proceeds.

4.4 Changes to the participation in the net equity

As it results from the consolidated financial statements of the Company for the fiscal year ending on December 31, 2009, the consolidated accounting net equity of the Company per December 31, 2009 amounted to EUR 360,055,881 (IFRS) or (rounded) EUR 3.22 per share (based on the 111,716,666 shares at that moment outstanding). Pursuant to the statutory financial statements the statutory accounting net equity of the Company per December 2009 to EUR 988,596,123.10 (BE GAAP) or rounded EUR 8.85 per share (based on the 111,716,666 shares at that moment outstanding).

If the net equity of the Company were only to be amended in order to reflect a capital decrease of EUR 249,551,782.67 (i.e. the product of the assumed EUR 2.23 capital decrease per share and 111,906,629 shares of the Company, i.e. the 111,814,054 shares outstanding on date of this report increased by 92,575) and thus not in order to take into account other changes to the net equity of the Company since December 31, 2009, the consolidated accounting net equity of the Company would amount to EUR 110,504,098.33 (IFRS) and the statutory accounting net equity of the Company would amount to EUR 739,044,340.43 (BE GAAP). On the basis of the 111,906,629 shares, the consolidated accounting net equity of the Company per December 31, 2009, the statutory accounting net equity of the Company per December 31, 2009 and an assumed capital decrease of EUR 2.23 per share, the participation of each share in the statutory accounting net equity, respectively the consolidated accounting net equity, would then amount to EUR 6.6041 per share, respectively EUR 0.9874 per share.

In the aforementioned hypothetical example (assuming a payment of EUR 2.23 per share as a consequence of the capital decrease), (i) a Class A Profit Certificates has a subscription price of EUR 4.43 and (ii) a Class B Profit Certificates has a subscription price of EUR 5.54. The subscription price of a Class A and Class B Profit Certificate must be booked by the Company on a special unavailable (net equity) account ("*Onbeschikbare Reserve/ Réserves Indisponibles*"), denominated "Profit Certificates Account", that will represent to the same extent as the capital of the Company a guarantee for third parties and that can only be decreased or booked away by a decision of the general shareholders' meeting of the Company passed in the manner required for an amendment to the articles of association of the Company.

If all 300,337 Class A Profit Certificates (i.e. the assumed new number of Class A Profit Certificates in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) and if all 53,667 Class B Profit Certificates (i.e. the assumed new number of Class B Profit Certificates in the current hypothetical example, assuming a payment of EUR 2.23 per share as a consequence of the capital decrease) were to be issued, the net equity of the Company will increase with an amount of EUR1,627,808.09. Without taking into account other influences on the net equity of the Company since December 31, 2009, with the exception of an assumed capital decrease of EUR 249,551,782.67, this would imply that the statutory accounting net equity of the Company would amount to EUR 740,672,148.52 and the consolidated accounting net equity of the Company to EUR 112,131,906.42.

If the Class A and the Class B Profit Certificates were to be converted (through a unification of titles) into ordinary Shares of the Company, the (i) capital of the Company shall be increased by an amount that is equal to the lower of (a) the fractional value of the existing shares of the Company and (b) the respective subscription price of the Class A and the Class B Profit Certificates; (ii) an amount equal to the difference between the amount mentioned under (i)(b) and the amount mentioned under (i)(a), provided this difference is positive, shall be booked as an issuance premium (that will represent to the same extent as the capital of the Company a guarantee for third parties and that can only be decreased or booked away by a decision of the general shareholders' meeting of the Company passed in the manner required for an amendment to the articles of association of the Company), and (iii) the separate unavailable account "Profit Certificates Account" shall be decreased with an amount equal to the amount which was paid on the Class A and the Class B Profit Certificate. A conversion (through a unification of titles) of the Class A or the Class B Profit Certificates into ordinary Shares of the Company will therefore have no impact on the net equity of the Company. If all Class A - and Class B Profit Certificates were to be converted (through a unification of titles) into ordinary Shares of the Company, then – taking into account the aforementioned information – the participation of each share (i) in the statutory accounting net equity would decrease from EUR 6.6041 per share to EUR 6.5977 per share, and (ii) in the consolidated accounting net equity would increase from EUR 0.9874 per share to EUR 0.99885.

* * *

The board of directors indicates that the present report may contain certain statements that may be considered as forward looking statements. Such statements involve known and unknown risks and uncertainties. Where appropriate or possible, these elements have been taken into account by the board of directors. However, it cannot be ruled out that the actual outcome may differ from the expectations expressed, suggested or alluded to in these statements.

* * *

Done at Mechelen on March 24, 2010

For the board of directors,

By: ____________________
Frank Donck
Director

By: ____________________
Duco Sickinghe
Director