

BY E-MAIL

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Lucerne Capital Management, L.P.,
Attn. Pieter Taselaar and Matheus Hovers
35 Mason Street, 2nd Floor
Greenwich, Connecticut 06830
USA

5 November 2018

Dear Mr. Taselaar,
Dear Mr. Hovers,

Your letter of 12 October 2018 regarding your expectations / next steps further to the shareholders' meeting of 26 September 2018

We refer to your latest letter of 12 October 2018 addressed to Telenet Group Holding NV (*Telenet*), which you have again published on your website.

As mentioned before, Telenet and its board of directors (the *Board*) consistently engage with all shareholders and other stakeholders in a constructive manner and welcome any feedback from them. This also applies to Lucerne Capital Management, L.P. (*Lucerne*), which is a valued shareholder with which Telenet and its Board has held a constructive dialogue through various meetings, telephone conferences and letters, and, most recently, during Telenet's shareholders' meeting of 26 September 2018 (the *Shareholders' Meeting*). Your statement that you still consider your questions left unanswered and your concerns left unaddressed, is unfortunate, and contradicts the constructive closing discussion we had at the Shareholders' Meeting and in particular your express consent to close the questions and answers session at the Shareholders' Meeting during which our Chairman and CEO devoted over two hours responding to your questions. In this light, we regret the continued (public) distrust Lucerne seems to display towards Telenet, as well as the threat of legal proceedings Lucerne continues to make.

We also regret your continued (public) misrepresentation, taking out of context, and insinuations of untruthfulness of the statements made by the Board, our Chairman and our CEO, including the responses they have given to the questions that you have raised prior to and during the Shareholders' Meeting. We note that these responses have been minuted in detail and that you and your legal counsel have carefully reviewed and agreed with these minutes. We therefore refer to the minutes of the Shareholders' Meeting, including the responses to your written and verbal questions, which provide a correct representation of the statements made by our Chairman and CEO, and which, together with the earlier Q&A document that we published on our website on 11 September 2018 and all our previous correspondence with you, contain an accurate, truthful and transparent response to your continued allegations and demands regarding

Telenet's capital allocation policy and corporate governance. These responses clearly show that all your allegations are not based on any facts and incorrect.

Lucerne's expectations in connection to capital allocation policy

Telenet and the Board have shown continuous efforts to deliver attractive and sustainable shareholder value in line with its long-term Net Total Debt to Consolidated Annualized EBITDA ratio. We have also consistently repeated our intention to revert on additional forms of shareholder remuneration in the second half of the year 2018. Most recently and in light of this consideration, we proposed a EUR 600 million extraordinary dividend to the Shareholders' Meeting and we reconfirmed our intention to host a Capital Markets Day on 5 December 2018 at which we will elaborate on our strategic value drivers for the future and detail our financial outlook for the medium term, including our proposed capital allocation framework within the boundaries of our previously announced net total leverage profile. The Capital Markets Day will be the conclusion of a very intensive task that the Telenet teams are currently examining and preparing, together with the Board.

In light of this consideration, Lucerne now expresses, and publicly announces, an expectation for the outcome of the Capital Markets Day to be in line with its proposal for Telenet to distribute 80% of Adjusted FCF as an annual recurring dividend, complemented by recurring buybacks to maintain the leverage targets.

We would like to re-emphasise that (i) your proposal does not reflect the industry practice of peers to Telenet, as no industry practice exists, or is relevant, in respect of dividend policies, and (ii) no new capital allocation policy has been determined at this point in time. The determination of this framework requires a careful review by the Board of all relevant factors, which need to be balanced against the corporate interest of Telenet and the interest of all its shareholders and stakeholders. As previously announced, this determination cannot be reasonably advanced and the Board believes that it is not prudent to announce any expectations in this respect.

Lucerne's concerns in connection with Telenet's corporate governance

You further repeat your concerns in connection with Telenet's corporate governance framework, now also including Telenet's auditor KPMG in your reproaches. As indicated before, Telenet has repeatedly addressed the concerns raised by Lucerne. Telenet's responses are fully set forth in the minutes of the Shareholders' Meeting, the earlier Q&A document that Telenet published on its website on 11 September 2018 and all our previous correspondence with you. We regret that Lucerne still refers to these questions as being left unanswered. Moreover, as mentioned before, Lucerne's concerns are in each case formulated on the basis of misinterpretation and taking out of context of the answers provided by Telenet and insinuations that these answers are not truthful.

Grouping the insinuations that have been formulated in your latest letter:

- *Conflict of interest/Related-Party Transactions.* The Board and all its members, under the leadership of the Chairman, abide by all Belgian company law rules as well as the Corporate Governance Code, including the conflict of interest and

related-party procedures (and the applicable disclosure rules in this respect) as and when applicable. All members of the Board, including the directors appointed upon nomination by Liberty Global plc (**LG**) and the independent directors, act at all times in the best interest of Telenet and its stakeholders. The allegations made by Lucerne that the Board appears to be operating under constant pressure from LG and to be strong-armed into considering proposals where its interests conflict with those of LG, as well as that the Board twists and turns to try to accommodate LG but, in reality, is guided primarily by LG's interests when considering transactions, are therefore not based on any facts and incorrect. As explained in more detail during the Shareholders' Meeting in response to Lucerne's specific questions (on the fleet capitalisation, on Discovery, ...), there has not been a single decision which the Board did not deem to be fully in Telenet's interest when adopting it.

We also reiterate that as part of their audit procedures, KPMG, as statutory auditor of the Company, verifies whether the Company complied with the requirements of article 523 and 524 BCC for those decisions/transactions taken or approved by the board and hence included in the board minutes. KPMG has clearly explained that it has performed its audit in accordance with International Standards on Auditing, including ISA 550 Related Parties, and that it has not identified any breaches of the Belgian Companies Code when performing its audit procedures. We regret that you are now also, fairly gratuitously, questioning KPMG's procedures in handling its supervision.

- *Lazard's fairness opinion.* Lazard has not been engaged by Telenet. Lazard advises the independent directors (not the LG-nominated directors) from time to time on certain matters, in the framework of their director duties. It has not prepared any 'fairness opinion' for the independent directors. The allegation that certain concerns with certain transactions have been evacuated in some way or another so as to prevent the application of article 524 of the Belgian Companies Code is an argument that you have newly developed in your letter but that is, yet again, not based on any facts and incorrect. Moreover, we repeat our surprise regarding the continued questioning on Lazard. Informed independent directors gaining information on market evolutions should be encouraged rather than criticised.
- *Telenet reporting to LG.* LG is a listed international cable group. Although Telenet is also listed, it is a fully consolidated subsidiary of LG, and it has been since Lucerne reports to have invested in Telenet in 2008. Within a strict confidentiality framework and in compliance with MAR (if and when it applies) Telenet will report to LG for purposes of this consolidation and in view of LG's own disclosure requirements. Moreover, Telenet is also able to benefit from LG's experience and expertise obtained in the various jurisdictions where it is present, which is another important consideration for sharing certain information with LG. The Board monitors any reporting to LG and ensures that it is in Telenet's corporate benefit and takes place in accordance with law. Any allegation that "*detailed information exchanges*" with LG are not justified by the regulatory and reporting requirements of LG or that Telenet's independent directors do not oversee these information exchanges on behalf of the (minority) shareholders is therefore, again, not based on any facts and incorrect.

- *LG decision mandate.* The Board as a whole and each of the directors individually are well aware of the duties of the mandate of director in a Belgian listed entity, and decisions are therefore taken after deliberation and in the interest of the company as a whole. All decisions by the Board are carefully made in Telenet’s corporate benefit, both long and short term, taking the interests of all stakeholders into account. As mentioned in more detail during the Shareholders’ Meeting there has not been any decision that has been taken that was deemed against Telenet’s interest – decision mandates simply do not impact Telenet decision-making. Any decision matrix at LG level is irrelevant in this respect and does not influence any decision making by the Board, including in relation to capital allocation. Any allegation that decision mandates by LG would have any influence on the decision-making within the Board is therefore, again, not based on any facts and incorrect.
- *Capital allocation strategy.* With regard to the allegation that the Board was guided by LG’s interests when taking its decision in relation to its capital allocation strategy, we note, yet again, that any distribution affects all shareholders evenly and none of the LG-nominated directors would have a variation in remuneration as a result thereof. The Board’s decision was and is not driven by tax issues at LG or other US shareholders but by various concerns and factors, including potential M&A projects and the regulatory context in which Telenet operates. As a consequence, Lucerne’s insinuations are, yet again, not based on any facts and incorrect.

Appointment of a corporate governance specialist

We also note your request to voluntarily proceed, together with Lucerne, with a joint appointment of a “corporate governance specialist” who would examine compliance by Telenet with the Belgian law conflict of interest rules and, more generally, the applicable corporate governance framework during the past five years, identify any issues which need to be addressed from a corporate governance perspective and formulate any concrete recommendations in that regard.

Telenet has duly considered your proposal, together with Telenet’s internal legal department as well as the external legal advisors of the Company and the independent directors. However, Telenet does not see the merit of the appointment of such a “corporate governance specialist”. There is no situation of crisis or emergency for Telenet that could justify such a measure. The Belgian Companies Code has developed a legal framework within which such measures can be ordered by a court, which is article 168 of the Belgian Companies Code. Article 168 of the Belgian Companies Code provides that a court can, upon request of certain shareholders, decide to appoint an expert to examine the books, accounts and transactions of a company, insofar as there would be indications that the interest of the company is materially prejudiced or threatened to become materially prejudiced. The Board, however, does not see the (imminent) harm to Telenet that would justify such measure and communication of confidential information to Lucerne. Outside of this framework, the Belgian Companies Code (i) relies on the control and oversight, in accordance with the Belgian Companies Code and Telenet’s Corporate Governance Charter, by the Board, the audit

committee and the statutory auditor and (ii) deems such measures to be intrusive and costly to Telenet.

The Board also considers that, if it were to voluntarily accept Lucerne's request (which is based on incorrect allegations which are not based on any facts), the Board would also be bound to accept similarly artificial demands of other stakeholders, which would set a precedent that could take up significant time and resources of Telenet, outside of any legal framework. Adding to this consideration, the Board would simply have no legal exception under the Market Abuse Regulation or its obligations of confidentiality to communicate the information requested to Lucerne and its appointed "specialist". If the Board would go ahead, it would thus expose itself to legal challenge.

As repeatedly explained to you, please do rest assured that Telenet fully complies with all Belgian company law rules as well as the Corporate Governance Code, including the applicable disclosure rules. Such compliance is, as indicated before, continuously monitored by the Board, including the independent directors and the audit committee, together with Telenet's internal legal team and, as appropriate, external legal advisors, as well as by the Company's statutory auditor, all of whom are, indisputably, well aware of all of the Board's obligations under Belgian company law rules and the Corporate Governance Code. Your insinuation in paragraphs (b) and (c) of the proposed mandate of the "corporate governance specialist", namely that there would be issues from a corporate governance perspective which would need to be addressed and for which such "corporate governance specialist" would need to formulate concrete recommendations, is thus incorrect.

In addition, as mentioned above, the minutes of the Shareholders' Meeting, the earlier Q&A document that Telenet published on its website on 11 September 2018 and all our previous correspondence with you, as well as this letter, contain an accurate, truthful and transparent response to your continued allegations and demands regarding Telenet's corporate governance, such that there are no questions left to which a "corporate governance specialist" would need to find a response to.

You will understand that Telenet, the Board and any of its members are required to reserve any present or future rights of Telenet, the Board and any of its members, including the right for reimbursement of all costs and losses incurred as a consequence of having to rebut Lucerne's continued inaccurate interpretations and/or applications of facts and Belgian law, as well as the resources that Telenet has to invest to defend itself against continued public inaccurate and unfounded reproaches.

Yours faithfully,

On behalf of the board of directors of Telenet,



Name: IDw Consult BVBA, with
permanent representative Mr
Bert De Graeve
Title: Director and chairman of the
board



Name: Mr John Porter
Title: Director and CEO