LUCERNE
Capital Management

CONFIDENTIAL
Telenet Group Holding N.V.
Attn: Board of Directors
Neerveldstraat 105
1200 Brussels
Belgium

Greenwich, CT, 11 June 2018

By email:
Bert.degraeve@bekaert.com
John.porter@telenetgroup.be
Martine.van.dromme@telenetgroup.be

RE: OBJECTIONS AGAINST TELENET GOVERNANCE AND POLICIES

Dear Members of the Board,

1. We write further to our letter of 8 May 2018 and following correspondence, in which we raised several material concerns regarding the corporate governance situation and capital allocation policy of Telenet Group Holding N.V. (**Telenet**).

2. We hold 2.195 million Telenet shares, representing a 1.86% ownership in the company. We have been a shareholder in Telenet since 2008.

I. Executive summary and demands

3. The Board of Telenet is breaching essential principles of corporate governance on a continuous basis. Moreover, it turns out that the Board has issued incorrect and misleading statements to the market regarding future cash returns on Telenet shares. Furthermore, it is clear that the Board only acts in the sole interest of, and potentially on the instructions by, Liberty Global. By acting in that fashion, the Board systematically disregards the fiduciary duties it has towards both Telenet and the minority shareholders. Finally, we find it extremely disappointing and worrying that any request for a constructive dialogue by us has been ignored or dismissed without you properly having addressed the concerns that we repeatedly voiced.

4. We demand that Telenet confirms in writing to all shareholders (a) that all Liberty Global-appointed Board members will abstain from deliberating and voting on any matter that is subject to conflicting interests between Liberty Global and Telenet, (b) a concrete proposal leading to a restart of a buy-back program of the remaining 16% out of 20% approved volume of Telenet shares, (c) a concrete proposal for a recurring dividend policy, and (d) that the long- term business plan from 2018 onwards will be released to all shareholders on the shortest notice possible. This written confirmation is to be sent within 14 days from the date of this letter.

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II. Objections against the policies of Telenet

5. Now, we will further address our concerns and objections and we include several actions that we urge you to take into consideration. Note that we have already received feedback from several other shareholders of Telenet that fully support our position.

A. Breach of good governance principles

6. We have objections to the current corporate governance situation at Telenet. Our concerns specifically regard the conflict of interest between Telenet and Liberty Global, as well as non-compliance with general principles of proper corporate governance. The interests and goals of Liberty Global as a shareholder and the minority shareholders are not aligned concerning issues of capital allocation and share price performance. In many instances these interests are opposing, resulting in damaging impact on the valuation of the company. Please refer to Appendix A for a detailed overview of conflicts of interest.

7. As stated above, this conflict of interest is reflected in the composition of the Board, where independent Board members effectively are overpowered by Liberty Global appointed Board members. Liberty Global's interests – rather than Telenet's interests – seems to be the driver behind the Board's recent strategy as it relates to capital allocation and acquisitions. We observe that the current strategy of the Board is geared towards running Telenet as a fully owned Liberty Global subsidiary, and that key issues as capital allocation, M&A and capital distributions are solely executed for the benefit of Liberty Global. The absence of fair, equitable corporate governance is resulting in an extremely low valuation of Telenet both on an absolute basis and relative to its peer group. This has been outlined in our presentation of May 2018, and updated in Appendix B, Exhibit 1.

8. The Board is acting in breach of several material principles of proper corporate governance, *inter alia* dictated by the Belgian corporate governance code.

   a) Board is out of balance and not acting in the interest of Telenet

   The Board is to ensure that it acts in the interest of the company. In relation to Board composition, the guiding principle is that no group or individual should be able to materially influence decision-making of the Board. This principle follows from paragraph 2.1 and 2.2 of the Belgian corporate governance code, as well as paragraph 4.1.3. of Telenet's own Corporate Governance Charter, which dictates that the Board has to act in the interests of the company, taking into account the interests of all shareholders and other stakeholders.

   Telenet's Board's decision making is biased. Only 3 out of 10 Board members are independent and the independent Board members are consequently outvoted by Liberty Global-appointed Board members. This imbalance is underlined by the fact that Liberty Global CFO Charles Bracken (also Board member at Telenet), publically made negative statements about Telenet on a roadshow to institutional investors in London last month, whilst the Board itself is issuing contrary statements.

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b) Unequal treatment of shareholders

The Board is responsible for equal treatment of all shareholders. Given the majority stake of Liberty Global, the Board must pay special consideration to the position of the minority shareholders in all its deliberations. This principle follows from paragraph 8.1 and 8.11 of the Belgian corporate governance code.

Thus far, the Board has not shown how it complies with this obligation. The Board thereby disregards its fiduciary duties towards both Telenet and the minority shareholders. This is evidenced by the fact that Telenet's capital allocation policy is not to the benefit of optimizing the company's valuation. Consequently, it harms Telenet's future success. We are worried by the statements of Telenet's CEO John Porter in December 2017 that no recurring dividend would be implemented. This contradicts the earlier communication that the intention of the Board was to implement a recurring dividend as that would improve Telenet's valuation. Mr Porter even has confirmed that this sudden and complete change of position is all but for the fact that Liberty Global would never allow such a recurring dividend for the same reason, as quoted by CEO Porter. Allowing the cash or tax position of Liberty Global to influence decision making by the Board is a clear sign of a grave imbalance in treatment of the Telenet shareholders.

c) Lack of transparent (financial) reporting and communication

The Board should provide transparent (financial) reporting and communication to its shareholders. The guiding principle here is that the financial position should be fully accessible to current and potential investors and is linked to equal treatment of all shareholders as a responsibility of the Board.

The financial reporting by Telenet has become increasingly opaque over the past years. A striking example is the change of the leverage definition by Telenet in the 2017 Q4 results, when Telenet was about to announce a dividend distribution to the market. The leverage definition was changed from 3.2x to 3.9x and subsequently used as one of the arguments not to do a dividend distribution. Such conduct in terms of financial reporting is inappropriate for a listed company and can – in our view – only be seen as yet another Liberty Global-favoured decision by the Board. Also, the fact that Telenet has started a vendor financing program allowing Liberty Global to boost its reported cash flow statement at the expense of financial transparency to Telenet minority holders is highly concerning to us and blurs the transparent financial reporting that Telenet should pursue. Telenet's outlook for 2015-2018 will lapse this year. We understand that Lazard has drafted a fairness opinion in 2017 and we expect the long term business plan of the Board used as an input to Lazard's fairness opinion will be released as soon as possible to all shareholders. The minority shareholders of Telenet feel very uncomfortable with Liberty Global receiving all this information through their Board involvement, whilst the other shareholders remain deprived of any concrete information.

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B. Contemplated VOO acquisition

9. Based on public statements of the Telenet CEO, we understand the plans for the contemplated VOO acquisition are already concrete. We deem the contemplated VOO acquisition questionable, given the current capital allocation policy and depressed valuation of Telenet shares. We draw your attention to the following.

a) Lack of synergy and strategic upside

The Board has not explained the strategic rationale of the contemplated transaction. We believe there is none. Telenet does not need to own the VOO network in Wallonia as it can access VOO's network under the new wholesale regulation. Orange is currently pursuing a similar approach within Telenet's footprint, and we believe that the Belgian market would become more rational and more balanced from a regulatory perspective if Orange instead of Telenet would acquire VOO.

b) Financial issues

The Board has not explained how the contemplated purchase price is fair. Paying more than 25x EV/EBITDA – Capex for VOO, while Telenet is currently trading on the market for less than 11x EV/EBITDA – Capex is simply an irrational acquisition. We also note that Liberty Global is currently selling assets in private market transactions (e.g. Vodafone deal) at premium valuations to fund a buyback program of Liberty Global shares at a significant discount (Appendix B, Exhibit 1). It would be extremely value destructive for Telenet to pursue an inverse capital allocation strategy to Liberty Global by acquiring VOO at a significant premium to Telenet's own valuation, instead of returning excess cash through buybacks or dividends. Base, Telenet's most recent significant acquisition, has been highly disappointing with management failing to deliver on its financial projections at the time of acquisition highlighting inherent risk to acquisitive growth.

We feel the VOO acquisition is a Liberty Global-driven strategy to reduce Telenet's excess cash position and delay capital returns to keep Telenet's valuation depressed. Front loading transactions and keeping cash returns to a minimum will lower the value of Telenet as it has done so over the past time.

10. We demand that the Board reconsider any attempts in this regard and refrains from making public statements about any potential VOO acquisition. The Board should first enter into transparent and meaningful discussions with all Telenet shareholders on this matter.

C. Capital allocation

11. We believe the capital allocation policy of the Board is not in line with the promises made to shareholders and to the market. The Board's policy has not been clear to shareholders, and even more, communication has at times been incorrect. The following points are clear examples.

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a) Misleading comments to shareholders & market

A large number of the minority shareholders of Telenet have invested in Telenet under the assumption that the company would resume dividends as repeatedly promised by management. Since Liberty Global's acquisition of the majority of the Telenet shares and the appointment of the current CEO, excess cash has not been distributed as dividend at all. Shareholders who bought shares on the assumption they acquired dividend stock, have clearly been misled.

b) Current standstill in share buy-back programme

In 2014, the Telenet Board approved a buy-back program in respect of 20% of Telenet shares. However, so far only 4% of those shares have been bought back by Telenet. This corresponds to a 1% per year buy-back given that - as we understand - Liberty Global would otherwise have to do a cash bid, for which the cash position of Liberty Global did not allow. In our view, the Board now must come with concrete proposals for a material buy-back of Telenet shares within a very short term.

c) Lack of recurring dividend policy

We have also voiced concerns regarding the Telenet dividend policy and the ever decreasing share price as a result of this policy. In our earlier presentation, we have substantiated our proposal for a recurring dividend distribution of up to EUR 7 per share, based Telenet's growing cash flow and excess cash position. Please refer to Appendix B, exhibit 2 for an overview of Telenet's capacity for annual shareholder returns.

Telenet shares are currently trading at a significant discount to peers (Appendix B. exhibit 1). The Board has provided different excuses for the refusal to implement recurring dividends. These excuses range from waiting on financial statements to potential takeover plans and volatility on financial markets. The most striking has been the statement made during our call on May 6th 2018 by the Chairman of the Board, Mr Bert de Graeve, that Liberty Global is blocking dividend distribution by Telenet on the basis of Liberty Global's tax position. During the same discussion Mr de Graeve confirmed that Liberty Global is keen to maintain low leverage levels at Telenet in order to enable higher financial leverage at the Liberty Global group level (Appendix B, exhibit 3)

Here, VodafoneZiggo may serve as an example. As Liberty Global owns a 50% stake, the results of that company cannot be consolidated at group level. In the case of VodafoneZiggo, Liberty Global and Vodafone have come to an agreement that the company will be run at a leverage ratio of 4.5x – 5x times Net Debt/ EBITDA and that all excess cash will be distributed to shareholders. Similar arrangements would be well suited to Telenet and must be implemented at short notice.

III. Conclusion

If you do not timely respond to our objections and demands or reject these without further discussion and substantiation, we are forced to take additional steps to compel the Board to

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respect the principles of corporate governance and start acting in the interest of Telenet and all of its stakeholders. Note that if the Board continues to act contrary to the interests of Telenet, this may constitute grounds for liability of (individual) Board members.

Yours sincerely,

Pieter Taselaar

Thijs Hovers

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Appendix A: Conflicts of Interest between Liberty Global and Telenet

1. Liberty Global fully consolidates Telenet. As such, the market value of Telenet is not relevant to Liberty Global. To the contrary, Liberty Global has an interest to keep Telenet valuation low as Liberty Global keeps the option to bid for Telenet at a depressed valuation

2. Telenet's dividend policy is driven by tax issues at Liberty Global, with Telenet management confirming that its 2017 dividend proposal has been blocked by Liberty Global's board members

3. As Liberty Global is fully consolidating Telenet, Liberty Global has an incentive to keep Telenet's leverage below Liberty Global's fully consolidated subsidiaries to boost Liberty Global's consolidated leverage capacity (please refer to Appendix B, exhibit 3). Furthermore, keeping Telenet's leverage below Liberty's leverage could fund a buy-out of Telenet by Liberty Global using Telenet's under-leveraged balance sheet

4. Liberty Global has a clear incentive to front-load capex ahead of a potential buy-out at the expense of distributable cash flows to minority holders

5. Telenet's vendor financing program is boosting Liberty Global's reported cash flow at the expense of financial transparency to the Telenet minority holders. In 2017, Telenet contributed 28% to Liberty Global's adjusted FCF, however we expect this to grow to > 100% by 2019 following the completion of Liberty Global's disposals to Vodafone (Appendix B, exhibit 4)

6. Telenet's financial guidance expires in 2018. While Liberty Global Board members have access to Telenet's long-term business plan, the minority shareholders are in the dark about future growth, earnings and cash flow targets. As such, there is a significant information asymmetry between Liberty Global Board members and Telenet minority holders

7. Telenet's intention to pursue a potentially value destructive acquisition of VOO would further delay capital returns while a continuous de-rating of Telenet post the VOO acquisition would leave Telenet vulnerable to a bid by Liberty Global at a depressed valuation

8. Telenet has historically only conducted limited buybacks as buybacks in excess of 1% per annum would limit Liberty Global's financial flexibility if it would seek to fully acquire Telenet.

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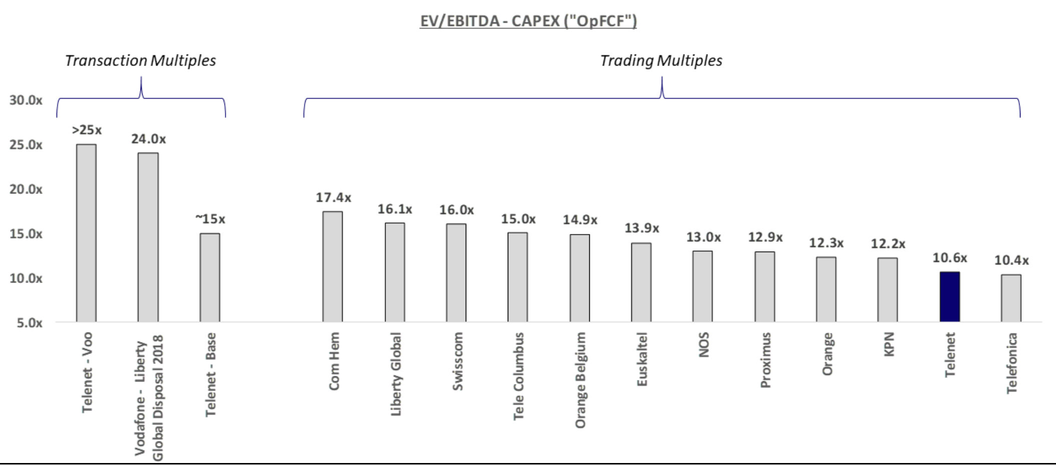
Appendix B: Charts and Exhibits

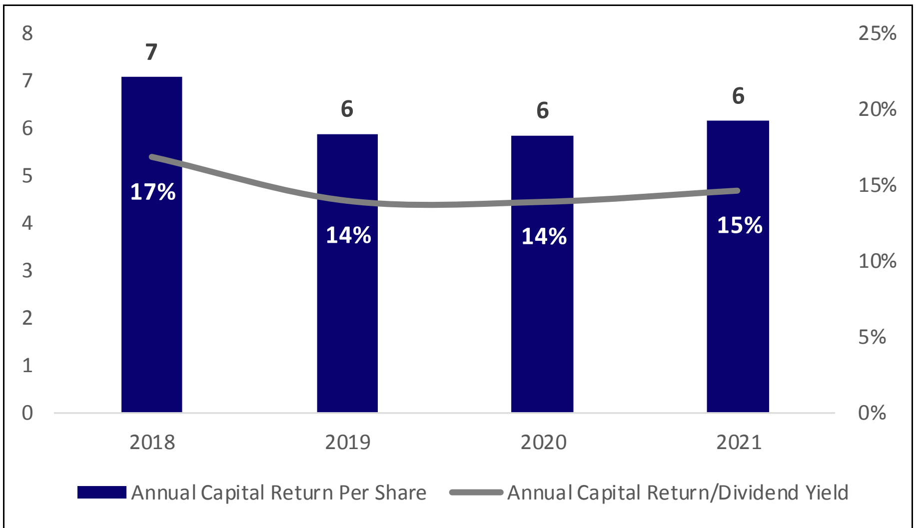
Exhibit 1: Telenet Extremely Undervalued vs Peers and Private Market Transactions



Source: Peers: Broker Research; Telenet/Base: LC Estimates; Liberty disposal: Company Info; Telenet/Voo: Broker Research / DeTijd

Exhibit 2: Telenet Offers Significant Capital Return Potential

Annual Capital Return per Share (% Market Cap) at 4x ND/EBITDA



Source: LC Estimates

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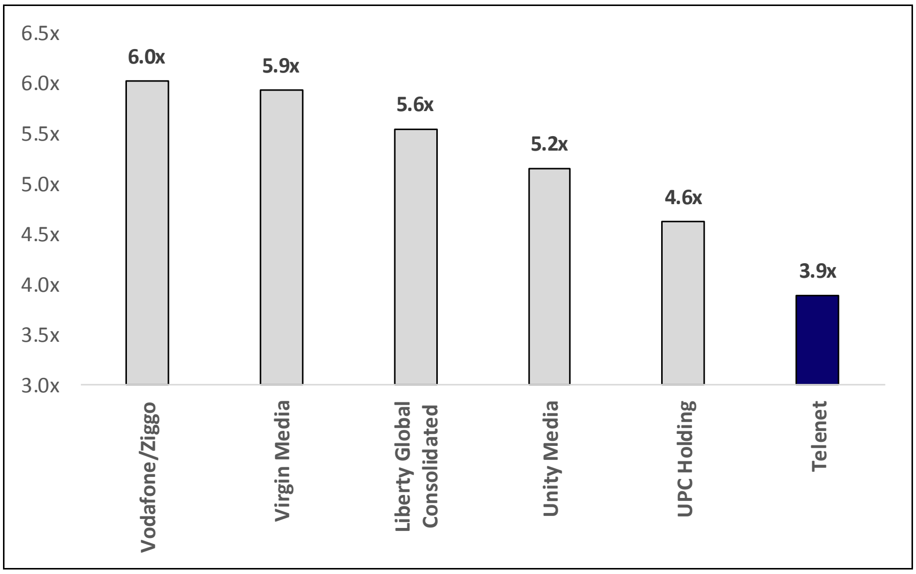
Exhibit 3: Telenet Significantly Under-Leveraged vs Liberty Global and its Subsidiaries

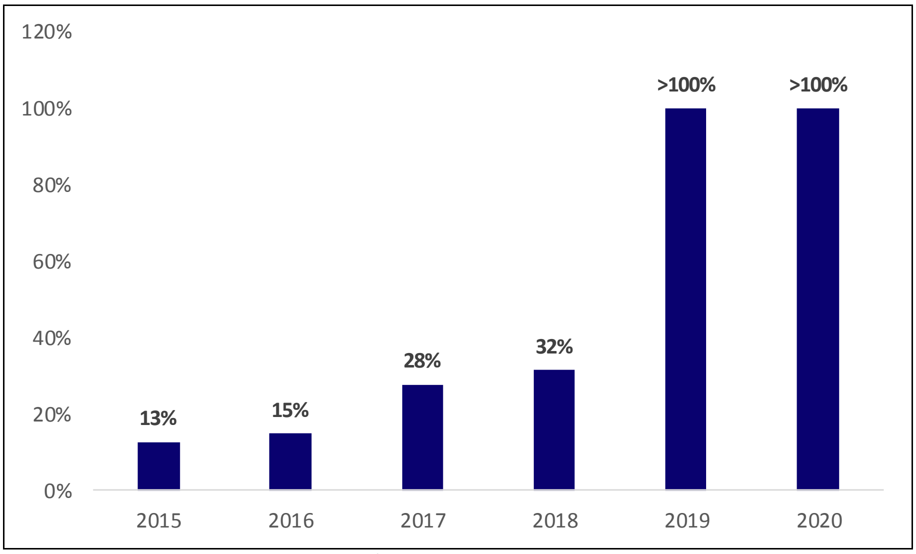
Net Debt / EBITDA 2017



Source: 2017 Company Filings

Exhibit 4: Telenet To Contribute > 100% of Liberty Global's Adj FCF

Telenet Adj FCF / Liberty Global Adj FCF



Source: 2015 – 2018: company filings, 2019 / 2020: broker research / LC estimates.

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