LUCERNE
Capital Management

By email to: 14 November 2018
corporategovernance@telenetgroup.be
By regular mail to:
Telenet Group Holding NV
Attn. Board of Directors
Neerveldstraat 105
1200 Sint-Lambrechts-Woluwe
Belgium

Dear Sirs,

We refer to our letter of 12 October and your reply of 5 November 2018.

It goes without saying that we very much regret that you have dismissed our constructive proposal to appoint a corporate governance expert, as there would, in your view, be no situation of crisis or emergency justifying this and because you fear that this would set a precedent for similar shareholder initiatives.

As we have repeatedly announced, notably in our letter of 12 October, you have therefore left us with no other choice but to issue a writ of summons requesting the Dutch-speaking Enterprise Court of Brussels (*Nederlandstalige Ondernemingsrechtbank Brussel*) to appoint one or more experts to review Telenet's corporate governance and its past dealings with Liberty Global and to issue a report of their findings. Lucerne hopes that this will help aid a return to proper corporate governance at Telenet, which is in the best interest of Telenet and all its stakeholders, including its minority shareholders and its employees. For further detail, we refer to the writ of summons which has been notified to you on Monday.

Wholly separate from these issues however, we would like to take this opportunity to provide you with Lucerne's views vis-à-vis Telenet's capital allocation policy and the strategic value drivers and financial outlook for the medium term which you intend to announce at the Capital Markets Day.

We understand that you are currently still reflecting on the determination of a capital allocation framework, and that you have not reached the end of this reflection yet. This does not, however, prevent us from making use of the transparent and constructive dialogue which you say you advocate, and from sharing with you our views and arguments (which we understand are shared by other minority shareholders) with respect to the need for and contents of such a new policy, and what our expectations are in terms of what you will decide and announce. Lucerne has obviously been clear on its expectations in past correspondence, but would like to set out its views below nonetheless.

For the avoidance of doubt, we are not asking that you advance your reflection or announce any expectations at this stage. We are simply asking that you give due consideration to our (and the other minority shareholders') legitimate expectations and that these are appropriately reflected in your ultimate announcements on the Capital Markets Day.

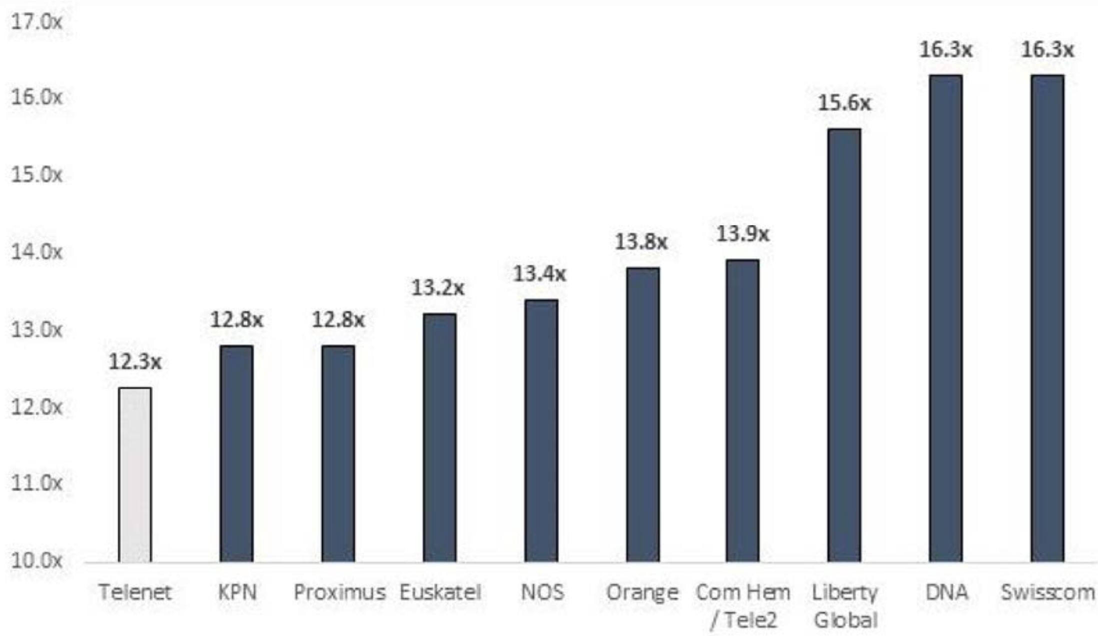
Telenet has already confirmed it will seek to operate within 3.5x – 4.5x Net Total Debt / Adj EBITDA. We would like to emphasise the following in that respect:

* We expect Telenet to return all excess cash around the mid-point of target leverage to shareholders through a predictable capital allocation framework consisting of recurring dividends and buybacks;

* Lucerne believes that buybacks are a particularly attractive form of shareholder remuneration, reflecting Telenet's significant undervaluation compared to both its European peer group and Liberty Global (as demonstrated by the below charts[1]) despite Telenet offering a superior cash flow growth outlook compared to its peers.

* We note that the below observations by Lucerne with respect to Telenet's steep valuation discount versus peers (and Liberty Global in particular) are based on EV / EBITDA – Capex and FCFe Yield, which – in Lucerne's view – are quite obviously the relevant metrics in this respect, and which also appears to be in line with Liberty Global seemingly moving towards an FCF or EV / EBITDA – Capex valuation for cable assets.[2]

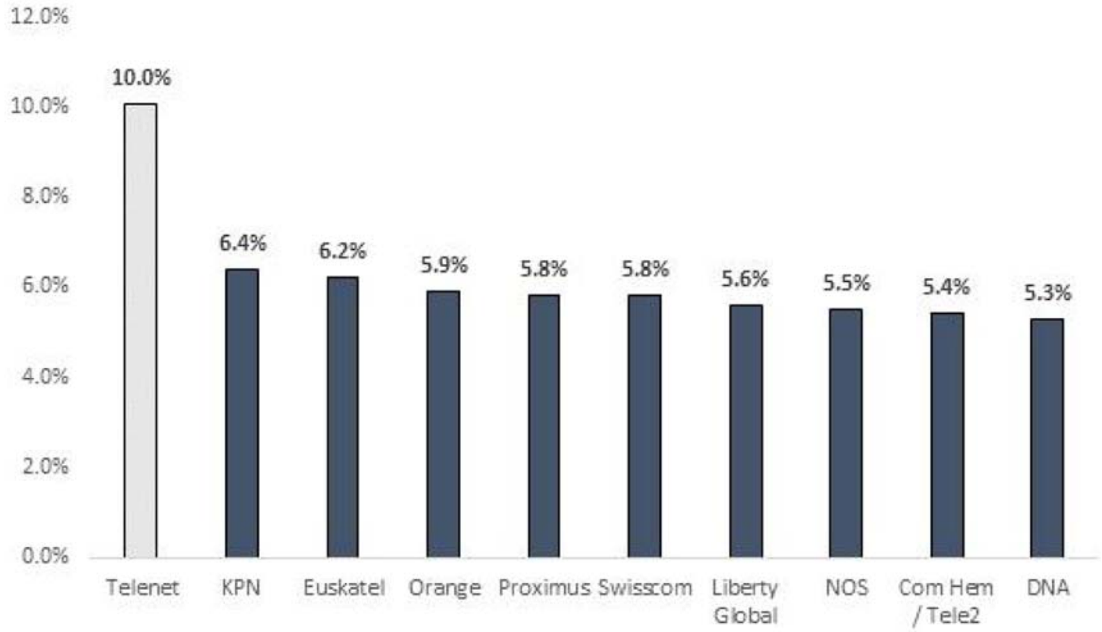
2019 EV / EBITDA - Capex



[1] Source: Broker Estimates / Lucerne

[2] See e.g. the Q3 2018 Earning Call Liberty Global, p. 11, where Mr. Bracken stated: "*And I think as Mike pointed out, perhaps an easier way to think about valuation may be just to look at the EBITDA minus CapEx metrics, which I think as we signaled, we see quite a bit of growth coming going forward as we reach the peak of the investment cycle*", and the transcript of the 26 September 2018 EGM, where Mr. Porter states on p. 17 that "*they're getting there*" as to Liberty Global starting to understand the relevance of Operating Free Cash Flow.

2019 FCFe Yield



- We would welcome a commitment towards continuing share buybacks over the 3-year planning horizon, and we believe that all stakeholders (*i.e.*, Liberty Global, Minority Shareholders, and the Company) are aligned on share buybacks;

- We were therefore surprised to see Telenet's 12 November 2018 press release which shows the current 2018bis buy-back grinding to a halt well before the announced 7.5 million shares have been repurchased. In fact, it seems that only 4,065,899 shares have been bought back, and that 3.7 million of those shares will be used to cover Telenet's obligations towards its employees under its share option plans – reflecting an actual buyback (cancellation) of only approx. 366,000 shares. Lucerne trusts that this buyback will be continued in accordance with the guidance announced on 25 June 2018;

- We also believe that Telenet's free-float and liquidity as measured in EURm would increase under our proposed capital allocation framework as it would allow Telenet shares to re-rate to a more appropriate valuation;

- Telenet is expected to participate in the 2019 spectrum auction. However, we do not consider a potential 20 years spectrum purchase as meaningful to Telenet's debt or shareholder return capacity as the annual cash outflows related to spectrum are likely to remain very limited compared Telenet's expected annual cash flow generation. We do not believe that potential long-term spectrum purchases should be capitalized as if spectrum purchases would represent a day-one cash outflow, and we would like to emphasise that potential spectrum purchases should not be considered an excuse to delay or reduce shareholder remuneration.

With respect to your comments in relation to industry practice, we would note that it is a generally accepted financial practice across all industries and indeed across all listed companies to return excess cash to shareholders through a predictable and consistent framework. This provides certainty to all stakeholders and maximizes shareholder value. As per Mr. Porter's previous statements, optimal capital allocation is indeed an "*essential part*" of the business.

We look forward to your continuation of the buyback programme announced on 25 June 2018 and to your further announcements with regard to Telenet's broader capital allocation framework for the next few years on 5 December 2018, and trust that the latter will duly take into account the above.

Yours sincerely,

LUCERNE CAPITAL MANAGEMENT LP

Name: Pieter Taselaar	Name: Matheus Hovers
Title: Managing Member	Title: Managing Member