

Lucerne to question Liberty Global's influence on Telenet's corporate governance at shareholders' meeting of 24 April 2019

Lucerne is pleased with Telenet's remuneration policies

Lucerne is pleased to see that, on the occasion of the shareholders meetings set for 24 April, Telenet will make good on the promises made to improve shareholders returns, outlined at its Capital Markets Day late last year. Lucerne welcomes the proposed cancellation of shares and the authorisation to acquire own securities, and trusts that Telenet will continue to pursue similar measures, in line with its announcements, in the future. It has become evident over the last year that Telenet acquiring and cancelling its own shares is very financially accretive to all shareholders. This has resulted in improving share price performance and the narrowing of the valuation gap on free cash flow based valuation metrics vs. both Liberty Global and the broader peer group.

Lucerne continues to raise concerns with Telenet's corporate governance

Since the previous shareholders meeting, Liberty Global continues however, to meddle with Telenet's corporate governance and to disregard Belgium's corporate governance laws and regulations. The concerns in this respect, which Lucerne has voiced in the past, remain unaddressed, despite these concerns being backed by other minority shareholders and in the meantime being escalated to the Belgian courts. Lucerne will therefore continue to use its shareholder's rights to strive for further transparency and to protect the interests of Telenet's minority shareholders. Lucerne will be raising several questions to the board of directors of Telenet at the occasion of Telenet's annual and extraordinary general shareholders' meetings of 24 April 2019.

Lucerne will not give discharge to the Directors

With these unaddressed issues in mind, Lucerne cannot comfortably approve Telenet's annual accounts. Therefore, in addition, Lucerne will not give discharge to its directors. It is apparent from the draft annual accounts that Liberty Global has further strengthened its hold on Telenet. For example, Telenet's board has, without exception, unanimously approved any contracts between Telenet and the Liberty Global group, has allowed for a full integration of Telenet's supply chain with that of Liberty Global and has even allowed an internal Liberty Global audit committee to perform Telenet's internal audit. At no point in time does Telenet appear to have applied the intra-group conflict of interest rules with respect to any of these transactions. In addition, Lucerne questions Telenet's tax policies which have resulted in combined cumulative tax loss carry forwards of EUR 1,326.0 million which may be used to offset future taxable income. While Lucerne has confidence in John Porter's operational capabilities and supports his vision and strategy for Telenet, even the CEO does not appear to be free from Liberty Global's pressure. This is evidenced by the aforementioned examples, as well as the fact that the CEO reports, on a monthly basis, to Liberty Global. More scrutiny has to be applied by the board of directors when dealing with Liberty Global. This is even more critical if Liberty Global would pursue a transaction involving Telenet and Ziggo as mentioned in several broker research reports recently.

Lucerne will vote against proposed Director Appointments

For these same reasons, Lucerne will also vote against the re-appointment of Manuel Kohnstamm and the appointment of Enrique Rodriguez as director in Telenet. With the Telenet directors nominated by Liberty earning several millions of USD at the Liberty Global level and a mere EUR 12,000 for Telenet,

these directors have no incentive to put Telenet's best interests ahead of those of Liberty Global. Liberty Global's attitude in putting up yet another Liberty Global pawn for election, once again evidences its unwillingness to treat Telenet's minority shareholders as equals and abide by Belgian corporate law. We are additionally concerned that Liberty Global only nominated one candidate for each director position failing to give shareholder's a real choice to appoint directors.

Lucerne will attend the shareholders' meeting on April 24th

Lucerne will be present during the general meetings and expects to receive appropriate answers to its written questions. It sincerely hopes that these initiatives will be successful, on the one hand, in increasing the level of transparency of Telenet towards its shareholders and on the other in making relevant parties and persons reflect on the approach to be followed to ensure that, like its shareholder remuneration policies, Telenet's corporate governance is improved in the year to come.

Please refer to the [attached link](#) for an overview of the letter which Lucerne has sent to Telenet today, attached to which you will find the written questions which Lucerne has raised to the board of directors of Telenet.