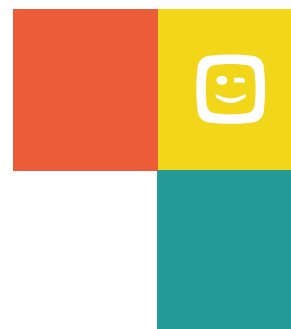


*This document addresses the questions raised by Lucerne Capital Management (“Lucerne”), a US-based investment company having reported a 3.01% shareholding in Telenet Group Holding NV (“Telenet” or the “Company”) through the funds it manages, in its letters of 20 July 2018, 21 August 2018 and 4 September 2018.*



## **1. Determination of binding guidelines to the board of directors for a coherent and structural capital remuneration and allocation policy**

- In accordance with Belgian corporate law, which Telenet strictly adheres to, the general shareholders’ meeting is not competent to decide on a dividend policy and/or leverage policy nor to issue binding guidelines to the board of directors for a capital remuneration and allocation policy. In addition, the directors have the duty to act in the interest of the Company, and may not under Belgian law follow any guidelines imposed by the general shareholders’ meeting that may prejudice the Company’s corporate interest.
- Under Governance / Highlights you can find a comprehensive timeline and description of the significant steps Telenet has taken in recent months in respect of its capital allocation framework and shareholder remuneration.
- Telenet will host a Capital Markets Day on 5 December 2018 at which the Company will elaborate on its strategic value drivers for the future and detail its financial outlook for the medium term, including its proposed capital allocation framework within the boundaries of the aforementioned net total leverage profile.
- Telenet’s leverage framework of 3.5x to 4.5x Net Total Debt to Consolidated Annualized EBITDA, as defined and presented in February 2018, corresponds to the leverage-framework parameters that Lucerne has proposed on page 2 of its letter.

## **2. Instructions to the auditor to verify the compliance by the board of directors of Telenet with the articles 523 and 524 of Belgian Companies Code (“BCC”)<sup>1</sup>, among others in light of the remuneration that certain directors receive from Liberty Global.**

**Related party transactions with LG, including those in relation to which Telenet has concluded that the procedure for intra-group conflicts did not need to be applied as the transactions were concluded at “regular market conditions”.**

**Confirm that any Telenet member participating in a Liberty Global stock option plan or holding Liberty Global shares will abstain from deliberating and voting on any issue in which there is (an impression of) a conflict of interest with the interests of Telenet.**

- In accordance with Belgian corporate law, which Telenet strictly adheres to, the general shareholders’ meeting is not competent to request the statutory auditor to audit compliance with the BCC, the Belgian Code on Corporate Governance or a Company’s corporate governance charter.

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<sup>1</sup> Article 523 includes a procedure that has to be followed in certain cases when a director has a personal interest of a financial nature that conflicts with the decision on the agenda. This procedure includes the obligation for the director to disclose its interest and not to assist to the deliberation and vote of the proposed decision.

Article 524 includes a procedure that has to be followed in certain cases when the company enters into transactions with a controlling shareholder. This procedure includes the advice by the independent directors, assisted by an expert, on the proposed transaction.

- The board of directors and all its members 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.
- Although compliance with the procedure set out in article 523 BCC is a personal director decision, compliance with these procedures is closely monitored.
- 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 for those decisions/transactions included in the board minutes. KPMG has not identified any breaches of the Belgian Company Code when performing its audit procedures.
- Each meeting of the board of directors starts with a discussion on potential personal conflicts of interests. In none of the decisions in respect of leverage and capital allocation for the years 2017-2018 had article 524 BCC have to be applied.
- The scope of article 524 BCC is strictly defined and, as mentioned, closely monitored, including by Telenet's auditors and by its internal and external legal advisors.
- More generally, the application of article 523 and 524 BCC to other decisions taken by the board of directors in the last three years would have to be, in accordance with Belgian law, disclosed in Telenet's Annual Reports.
- Telenet discloses related-party transactions with its majority shareholder Liberty Global plc in its Annual Report under Note "Related parties".

### **3. Shares and/or option rights held in respect of any Liberty Global entity by each of the Telenet board members and resulting conflicts of interest**

- In its Remuneration Report, which is an integral part of the Company's Annual Report, Telenet details both the compensation of the board of directors, including the non-executive directors nominated by Liberty Global, and its executive management, including the CEO, paid by Telenet.
- There is no obligation as part of Telenet's reporting obligations to disclose fixed or variable remuneration of directors nominated by Liberty Global at Liberty Global level. In this respect, Telenet refers to customary reporting by Liberty Global.
- As explained under section 2 above, Telenet's board and all its members 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.
- Liberty Global-nominated directors receive variable remuneration by Liberty Global, but such remuneration does not have Telenet-specific KPIs.
- Telenet's CEO neither receives fixed or variable compensation by Liberty Global, nor is entitled to receive stock options related to Liberty Global. Therefore, his interests are solely tied to Telenet's operational and financial performance as detailed in the Remuneration Report.
- Stock option rights held by directors have never triggered a reported personal financial interest within the meaning of article 523 BCC at the occasion of a leverage or capital allocation decision.



#### **4. Application of personal conflict rules (article 523 BCC) to the Liberty Global-nominated Telenet board members in the past**

- As explained under section 2 above, the board and all its members abide by all Belgian company law rules as well as the Corporate Governance Code, including the conflict of interest and related-party transaction procedures (and the applicable disclosure rules in this respect) as and when applicable.
- Although compliance with these procedures is a personal decision for each director, compliance with these procedures is closely monitored.
- 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 for those decisions/transactions included in the board minutes. KPMG has not identified any breaches of the Belgian Company Code when performing its audit procedures.
- It is customary for each board meeting to start with a query regarding conflicts, and in none of the decisions in respect of financial years 2017 and 2018 in respect of leverage and capital allocation was such a conflict reported by an individual board member.
- The application of article 523 BCC to other decisions taken by the board in the last three years is, in accordance with Belgian law, disclosed in Telenet's Annual Reports.

#### **5. Information sharing with Liberty Global**

- Telenet only exchanges information with its majority shareholder as may be required to (i) ensure compliance with regulatory and reporting requirements (Liberty Global's listing and disclosure requirements, financial consolidation, audit, etc.), (ii) create certain synergies for the benefit of all shareholders or (iii) exchange best practices amongst the two groups. Information exchanges only take place if the board deems this to be in Telenet's best interest within a strict legal framework approved by the board.
- Liberty Global, for its part, provides information to Telenet, including sector expertise in various domains (finance, regulatory, strategy, HR and operation/network) that greatly benefit Telenet and all of its shareholders.

#### **6. Decision mandates applicable to the Liberty Global-nominated directors**

- All decisions by the board of directors are carefully made in Telenet's corporate benefit, both long and short term, taking the interests of all stakeholders into account.
- Any decision matrix at Liberty Global level is irrelevant in this respect and does not influence any decision making by the board, including in relation to capital allocation.
- Both the €300.0 million Share Repurchase Program 2018bis and the €600.0 million extraordinary dividend distribution were unanimously endorsed by the board, including the Liberty Global-nominated directors.

## **7. 3-4 year Long Range Plans in place at Telenet**

- Telenet periodically issues and updates its financial outlook, in line with common practice at other listed companies.
- Telenet provided medium-term guidance in April 2016 during its Capital Market Day following the closing of the BASE acquisition.
- It would be highly unusual in a public company context for Telenet to disclose its long-term plan publicly. Such disclosure would be contrary to Telenet's corporate interest and it would render certain commercial and strategic information available to its both its current and potential future competitors.
- As previously announced, Telenet will host a Capital Markets Day on 5 December 2018, focusing on the strategic value drivers and financial outlook for the Company in the medium term and on capital allocation in the pursuit of growth and shareholder returns. Management believes the scheduled date for the Capital Markets day is appropriate in order to allow for a full and detailed analysis of the business and financial outlook.

## **8. Lazard's fairness opinion**

- Lazard has not been engaged by Telenet. Lazard advises the independent directors (not the Liberty Global-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.