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If you sell or have sold or otherwise transferred all of your Zegona Shares, please forward this Circular (but not any personalised Form of Proxy), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that the Circular should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you sell or have sold part only of your holding of Zegona Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This Circular has been prepared for the purposes of complying with English law and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The distribution of the Circular and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

ZEGONA COMMUNICATIONS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with company number 09395163)

Proposed issue of 95,715,728 New Zegona Shares

and

Notice of General Meeting

This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out in Part I of this Circular. The letter contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Zegona has also produced and published a Prospectus in connection with the Placing and Admission which provides further information on Zegona and Euskaltel. You should read the Prospectus in its entirety. In particular, Shareholders should direct their attention to the risk factors set out in Part II (Risk Factors) of the Prospectus for a discussion of the risks that might have a material effect on the Transaction, as well as the Group's business, financial condition and results of operations.

Notice of the General Meeting of the Company to be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10 a.m. on 7 February 2019 begins on page 14 of this Circular. A Form of Proxy for use at the General Meeting is enclosed with this document. Shareholders are requested to complete and return the Form of Proxy, whether or not they intend to be present at the General Meeting, in accordance with the instructions printed on it. To be valid, Forms of Proxy should be completed and returned in accordance with the instructions set out therein to the Company's registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 10 a.m. on 5 February 2019, being 48 hours (not counting any part of a day that is not a Business Day) before the time appointed for the holding of the General Meeting.

A summary of the action to be taken by Shareholders in relation to the General Meeting is set out on page 9 of this Circular and in the accompanying Notice of General Meeting. Completion and return of a Form of Proxy, the giving of a CREST Proxy Instruction, or the completion of a proxy form online will not preclude Shareholders from attending and voting in person at the General Meeting (in substitution for their proxy vote) if they wish to do so and are so entitled.

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the FCA in the United Kingdom, is acting as global co-ordinator and underwriter exclusively for the Company and no one else in connection with the Placing and Oakley Advisory Limited ("**Oakley**" and, together with Barclays, the "**Banks**"), which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser and co-bookrunner exclusively for the Company and no one else in connection with the Placing and neither Bank will regard any other person (whether or not a recipient of this Circular) as a client in relation to the Placing or Admission or any other matter referred to in this Circular or the Prospectus and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to their clients or for giving advice in relation to the Placing or Admission or any other matter referred to in this Circular or the Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither of the Banks nor any of their respective subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any other person for the contents of this Circular or the contents of the Prospectus, including their accuracy, correctness or for any other statement made or purported to be made by it, or on its behalf in connection with the Placing, Admission and other matters referred to in this Circular or the Prospectus. Each Bank, its respective subsidiaries, branches and affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise in respect of this Circular or any statement herein.

This Circular includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this Circular and include statements regarding the Directors' beliefs or current expectations concerning, amongst other things, the amount of

capital which may be returned by the Company and the taxation of such amounts in the hands of Shareholders. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this Circular.

The information given in this Circular and the forward-looking statements speak only as at the date of this Circular. The Company, the Banks and their respective affiliates expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statement contained in this Circular to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by the Financial Services and Markets Act 2000, the Listing Rules, the Prospectus Rules, the Market Abuse Regulation or other applicable laws, regulations or rules.

The Existing Zegona Shares and the New Zegona Shares have not, nor will they be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. The Existing Zegona Shares and the New Zegona Shares to be issued by the Company may not be offered, or sold, exercised, resold, transferred or delivered, directly or indirectly, to (or for the account or benefit of) any US person as defined in Regulation S of the US Securities Act, or in or into the United States unless registered under the US Securities Act or offered in a transaction exempt from or not subject to the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States, or subject to certain exceptions, into Australia, Canada, Japan or the Republic of South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa. There will be no public offer of the Existing Zegona Shares or the New Zegona Shares in the United States or Australia, Canada, Japan or the Republic of South Africa. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended. The distribution of this Circular may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. All of the value of an investor's investment in the Company will be at risk. Past performance is not a guide to future performance and the information in this Circular or any documents relating to the matters described in it cannot be relied upon as a guide to future performance. Persons needing advice should contact a professional adviser.

Copies of this Circular and the Prospectus are available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the Company's registered office from the date of this document, and shall remain available for a period of one month from Admission. A copy of this Circular and the Prospectus are also available from the Company's website <http://www.zegona.com>, and shall remain available for a period of one month from Admission.

Dated: 15 January 2019

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Circular	15 January 2019
Publication of the Prospectus	15 January 2019
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the General Meeting	10 a.m. on 5 February 2019
Record Time for those Shareholders on the Register of Members entitled to attend or vote at the General Meeting	6 p.m. on 5 February 2019
General Meeting	10 a.m. on 7 February 2019
Admission	8 a.m. on 11 February 2019

Note:

All references in this Circular are to London times unless otherwise stated.

The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.

PART I - LETTER FROM THE CHAIRMAN

ZEGONA COMMUNICATIONS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 09395163)

Directors:

Eamonn O'Hare (*Chairman and CEO*)
Robert Samuelson (*Chief Operating Officer*)
Mark Brangstrup Watts
Richard Williams
Murray Scott
Ashley Martin

Registered Office:

20 Buckingham Street
London
WC2N 6EF

15 January 2019

Dear Shareholders,

INTENTION TO INCREASE HOLDING IN EUSKALTEL, PROPOSED ISSUE OF NEW ORDINARY SHARES AND NOTICE OF GENERAL MEETING

1 Introduction

Zegona's strategy is to increase its ownership position in Euskaltel and to use this increased influence to work constructively with the Euskaltel board of directors and management to improve the performance of the business.

On 19 October 2018, Zegona announced its intention to make a partial tender offer to acquire up to approximately 14.9% of Euskaltel's outstanding issued ordinary share capital as at the date of the announcement at a price of €7.75 per share (the "**Proposed Tender Offer**"). However, given the deterioration in equity market conditions at the end of 2018, the Directors believe that the terms available to finance the acquisition of the full 14.9% of Euskaltel to be sought in the Proposed Tender Offer would not have been acceptable to Shareholders, including because the equity funding required would have been overly dilutive. As the Company was informed that it was not permitted under Spanish law to reduce the maximum size of the Proposed Tender Offer, Zegona announced on 21 December 2018 that it no longer intended to proceed with the Proposed Tender Offer.

On 14 January 2019, Zegona entered into a Shareholder Relationship Agreement with Talomon, an experienced TMT and telecommunications sector investor. Talomon is a current shareholder in both Euskaltel and Zegona and, pursuant to the Shareholder Relationship Agreement, has agreed formally to support Zegona's strategy. Under the Shareholder Relationship Agreement, Talomon is permitted to own up to 2.4% of the outstanding issued share capital of Euskaltel but, as of the date of that agreement, owned approximately 1.4%. In order to avoid any mandatory offer requirements under Spanish law, for so long as the agreement is in effect, the Directors believe that the Group is only permitted to increase its stake in Euskaltel by a further approximately 12.5% (or 22,330,000 Euskaltel Shares) from its current 15% shareholding position at the date of this Circular, such that the aggregate shareholding of the Group and Talomon would not exceed 29.9%.

Instead of the Proposed Tender Offer, Zegona will seek to increase its ownership of Euskaltel through market purchases or privately negotiated transactions up to a maximum of 12.5% of the outstanding issued share capital of Euskaltel at a price it considers attractive for Shareholders based on prevailing market conditions (the "**Euskaltel Share Acquisition**").

Accordingly, Zegona is proposing to raise net proceeds of £95.9 million pursuant to the Placing and has entered into new debt facilities. Whilst the debt facilities are expected to remain largely undrawn until substantially all of the net proceeds of the Placing have been used, Zegona currently anticipates drawing substantially all of the £30 million available to it if there is sufficient availability in the market for it to purchase shares at a price it considers attractive for Shareholders based on prevailing market conditions. The Company intends to use the Available Funds to fund the Euskaltel Share Acquisition. At the current

Euskaltel share price of €7.26 (being the closing price at 11 January 2019), the Available Funds would not be sufficient to increase Zegona's interest by 12.5%.

The Placing will require approval by Shareholders for the issuance of New Zegona Shares on a non-pre-emptive basis at a shareholders' meeting to be held at 10 a.m. on 7 February 2019. Marwyn Asset Management Limited, in its capacity as agent for and on behalf of its discretionary clients, has agreed to invest in the Placing, is fully supportive of the Transaction and will remain Zegona's largest shareholder upon Admission. Howard Kalika, Murray Scott, Robert Samuelson and I also intend to participate in the Placing.

2 Background to, and reasons for, the Euskaltel Share Acquisition

When the Group entered the Spanish telecommunications market through its purchase of Telecable in August 2015, it identified an opportunity for substantial value creation through the combination of the three independent northern Spanish cable operators, Euskaltel, R Cable and Telecable. The Euskaltel Group acquired R Cable in November 2015, and the subsequent sale of Telecable to Euskaltel in July 2017 completed the consolidation of all three operators, creating the leading integrated telecommunications operator in the north of Spain.

The sale of Telecable resulted in Shareholders having an ownership interest in Euskaltel through the approximately 15% shareholding of Euskaltel that the Group received as part of the consideration for the sale of Telecable.

As Zegona has previously stated, it believes that the Euskaltel Group is a strategically attractive business with a strong competitive position in its home markets in the Basque Country, Asturias and Galicia, with a range of opportunities to deliver profitable growth and generate significant positive cash flow.

While Zegona has expressed disappointment with certain aspects of its investment in Euskaltel, it still strongly believes there is potential to create significant additional value by driving efficiency improvements, increasing revenue growth in the existing regions and accelerating expansion outside the current footprint.

The intended significant incremental investment through market purchases of Euskaltel Shares reinforces Zegona's commitment to Euskaltel and underlines its belief in the future potential of the the Euskaltel Group's business. In addition, with increased ownership, Zegona may be able to appoint one or more additional directors to the board of Euskaltel. This creates the opportunity for Zegona's senior management to apply its sector knowledge and experience to contribute additional value to the business and help realise its full potential.

Zegona's senior management has a wide-ranging network of contacts across the international telecommunications sector, giving it access to capabilities that can benefit the Euskaltel Group. This network enabled Zegona to propose Jon James, previously COO of ComHem and currently CEO of Tele2 Netherlands, as a new independent board member of Euskaltel. Jon was appointed a director of Euskaltel in July 2017. Over recent months, Zegona has discussed Euskaltel with the ex-Jazztel CEO, José Miguel García (who is also participating in the Placing), and believes his skills and experience could also be a valuable addition to the Euskaltel leadership. Similarly, Zegona's senior management has a long-standing relationship with the Virgin Group and Zegona believes there is the opportunity for Euskaltel to use the well-known Virgin brand on attractive terms for its expansion into new regions.

Further details on the Transaction, including Zegona's intentions for the Euskaltel business, are set out in Part VII (Information about the Transaction) in the Prospectus.

3 Prospectus

Zegona has today published a Prospectus in connection with Admission and the Placing which provides further information on Zegona and Euskaltel. The Prospectus is available for viewing at the Company's registered office and online at the Company's website www.zegona.com, and shall remain available for a period of one month from Admission.

Shareholders should read the Prospectus in its entirety. In particular, Shareholders should direct their attention to the risk factors set out in Part II (Risk Factors) of the Prospectus for a discussion

of the risks that might have a material effect on the Transaction, as well as the Group's business, financial condition and results of operations.

4 Summary information on Euskaltel

The below information has been compiled from Euskaltel's annual reports and information publicly available on its website, each of which has been published by Euskaltel and not been subject to verification or comment by Zegona or the Directors, acting in their capacity as Directors of Zegona. Zegona has not had the co-operation of Euskaltel management or due diligence access to Euskaltel, its business, its auditors or management and accordingly Euskaltel has not confirmed that the below disclosure remains accurate. Zegona does not expect to obtain further access to Euskaltel's non-public information prior to the acquisition of such number of Euskaltel Shares as is required to ensure that the Group is the largest shareholder in Euskaltel and that places Zegona in a position to seek to implement its strategy.

With its headquarters in Bilbao, Spain, the Euskaltel Group is the leading telecommunications group in northern Spain, with a deep-rooted commitment to the Basque Country, Galicia and Asturias. The Euskaltel Group generated revenues of €707 million in the financial year ended 31 December 2017¹. The Euskaltel Group offers its services to a market of 6 million people, serving over 750,000 residential and business customers through three principal brands, Euskaltel (in the Basque Country), R Cable (in Galicia) and Telecable (in Asturias). The Euskaltel Group is a leader in providing advanced telecommunications services including high speed broadband, mobile, pay TV and fixed line telephony services. The Euskaltel Group has the largest proprietary high speed network in place on the market in its three core regions, passing 2.2 million homes. The Euskaltel Group's three segments are:

- **Residential** (representing 67% of Euskaltel Group revenue in 2017): offers residential customers a combination of fixed-line and mobile telecommunication services, as well as other added-value services, which it mainly renders through its fibre optic rich cable network and its Mobile Virtual Network Operator Agreements.
- **Business** (representing 27% of Euskaltel Group revenue in 2017): offers a portfolio of services to business customers segmented by business size, including SOHO customers (less than ten employees), SMEs (from 10 to 40 employees, with relatively high tech needs) and Large Business, including both public entities and large corporations that tend to be based in the Basque Country, Asturias and Galicia.
- **Wholesale and Other** (representing 6% of Euskaltel Group revenue in 2017): provides communications services to wholesale clients, most of whom are other telecommunications companies, including leased lines, data and voice services using the Euskaltel Group's installations and infrastructures to render services to their customers.

5 Background to, and reasons for, the Placing

The Company has announced a proposal to raise net proceeds of £95.9 million via a placing of 95,715,728 New Zegona Shares to new and existing investors at a price per New Zegona Share of 105 pence, representing a discount of 14% over the closing market price of 122.10 pence per Zegona Share on 11 January 2019 (being the latest practicable date prior to the publication of this Circular). The proceeds of the Placing are intended to fund the Euskaltel Share Acquisition, any fees and expenses incurred in connection with the Transaction and for general corporate purposes.

The Placing is conditional, inter alia, on:

- (i) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (ii) the passing of the Resolutions (without amendment) at the General Meeting.

Application has been made to the FCA for the New Zegona Shares to be admitted to the Standard Listing

¹ Based on pro forma results and KPIs for the Euskaltel Group that have been adjusted to include a full year of performance in 2017 from Telecable which was acquired by Euskaltel on 26 July 2017.

segment of the Official List. Application has also been made to the London Stock Exchange for the New Zegona Shares to be admitted to trading on its Main Market for listed securities. The Zegona Shares are not listed or traded on, and no application has been or is being made for the admission of the New Zegona Shares to listing or trading on, any other stock exchange or securities market. Admission is expected to occur on 11 February 2019.

In order to maximise the number of Euskaltel Shares the Company can acquire and ensure it has the requisite cash to cover all costs and expenses of the Transaction and the amount required by the Company for general corporate purposes, the Company has entered into debt facilities to allow the Company to draw down up to £30 million. Zegona currently anticipates drawing substantially all of the £30 million available to it under the debt facilities if there is sufficient availability in the market for it to purchase Euskaltel Shares at a price it considers attractive for Shareholders based on prevailing market conditions. The debt facilities are expected to remain largely undrawn until substantially all of the net proceeds of the Placing have been used, though Zegona may draw down and use a portion of the debt facilities to purchase Euskaltel Shares prior to Admission. For additional details and information on the terms of the debt facilities, see paragraph 18 of Part XV (Additional Information) of the Prospectus.

To the extent that the Company has not used all or substantially all of the Available Funds to acquire Euskaltel Shares as described above over a time period considered reasonable by the Directors or the Company has chosen not to acquire further Euskaltel Shares (for example because Euskaltel's share price increases above the price that the Directors believe is attractive), subject to retaining any amounts required for general corporate and working capital purposes and any voluntary or mandatory repayments of the debt facilities, Zegona currently intends to return the excess funds to Shareholders through an appropriate and equitable mechanism, including through a potential buyback of Zegona Shares in the market, which could have adverse tax consequences for Shareholders.

If the Resolutions are not passed, the Company will not be able to make the level of Euskaltel Share purchases it is expecting and accordingly may not be in position to implement its strategy for Euskaltel as set out in the Prospectus.

6 Dividend Policy

Zegona remains committed to paying dividends to Shareholders. Future dividends will be funded by the receipt of dividends from Euskaltel on the Group's existing 15% holding and any further shares purchased with the proceeds of the Placing, as well as Zegona's other cash reserves. Zegona intends, irrespective of any debt financing obligations, for the foreseeable future, to return the Sterling equivalent of all subsequent dividends received from the Group's enlarged investment in Euskaltel to Shareholders.

Capacity to pay dividends

The Company is a non-trading holding company which derives increases in distributable reserves from dividends paid by subsidiary companies, principally Zegona Limited (which holds the Group's interest in Euskaltel). There are limited restrictions on Zegona Limited paying dividends, therefore the capacity of the Company to make dividend payments is primarily determined by the availability of retained distributable reserves and cash resources. As at 30 September 2018, the Company had distributable reserves of €189.9 million (total equity of €191.7 million including profit for the period of €11.1 million, less share capital of €1.8 million) and the total external dividends paid in relation to FY2017 amounted to €11.2 million. The Company's distributable reserves support over 16 times this annual dividend.

Dividends paid

On 3 April 2017, Zegona's Board approved a policy to declare a dividend of 5.0 pence per ordinary share for 2017. Following the completion of the 2017 tender offer and corresponding decrease in the number of issued ordinary shares, this was updated to an equivalent amount of 7.8 pence on 9 October 2017. Half of the 7.8 pence dividend was paid on 10 November 2017 with the balance paid on 24 April 2018.

An interim dividend for 2018 was declared on 16 November 2018 at a rate of 2.8 pence per Zegona Share, equivalent to £3,534,145. The dividend was paid on 28 December 2018.

7 Dilution

As described above, the Directors expect to issue 95,715,728 New Zegona Shares at a price of 105 pence per New Zegona Share. The issue of 95,715,728 New Zegona Shares will result in Zegona's issued ordinary share capital increasing to 221,935,177 (on the basis of 126,219,449 Zegona Shares being in issue as at 11 January 2019 and assuming no further Zegona Shares are issued prior to Admission and no buy-backs of Zegona Shares prior to Admission). Immediately following Admission, holders of the New Zegona Shares will hold approximately 43.13% of Zegona's issued ordinary share capital (assuming Zegona does not issue any further Zegona Shares or buy back any Zegona Shares from the date of this Document until Admission).

As a result, the voting rights of Shareholders would be diluted, such that a Shareholder would, immediately following Admission, hold voting rights of approximately 56.87% of the total voting rights that they had held immediately prior to Admission (on the basis that such Shareholder does not participate in the Placing, no further Zegona Shares are issued and there are no buy-backs of Zegona Shares prior to Admission).

The Directors have irrevocably undertaken that, other than in connection with the Placing, the Company will not allot any New Zegona Shares pursuant to the authorities set out in the Resolutions. Accordingly, following completion of the Placing, the Resolutions will not have any further dilutive effect on Shareholders.

The Directors' confirm that the Placing will not have any effect on the terms of the Management Shares or the Core Investor Shares. The gross proceeds of the Placing will increase the amount of invested capital for the purposes of the Management Shares and the Core Investor Shares.

8 General Meeting

The issue of the New Zegona Shares on a non-pre-emptive basis requires the approval of Shareholders at a general meeting of the Company. Accordingly there is set out at the end of this Circular a notice convening the General Meeting to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10 a.m. on 7 February 2019.

At the General Meeting, an ordinary resolution will be proposed that the Directors be authorised to allot 95,715,728 New Zegona Shares pursuant to the Placing and a special resolution will be proposed that pre-emptive rights be disappplied over the 95,715,728 New Zegona Shares to be issued.

Shareholders should note that, if the Resolutions are not passed, the Company will not be able to make the level of Euskaltel Share purchases it is expecting and accordingly may not be in position to implement its strategy for Euskaltel, in which event the Group will continue to pursue its strategy as a minority shareholder in Euskaltel.

9 Action to be taken

Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 10 a.m. on 5 February 2019, being 48 hours (not counting any part of a day that is not a Business Day) before the time appointed for the holding of the General Meeting. The Form of Proxy is pre-paid and can be posted free of charge from inside the United Kingdom.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Link Asset Services (ID RA10), so that it is received no later than 10 a.m. on 5 February 2019.

Completion of a Form of Proxy or the giving of a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so and are so entitled.

10 Recommendation

The Board notes that the Placing would result in the issue of more than 7.5% of its issued share capital in a

rolling 3 year period, which is out of line with the recommendations of the most recent Pre-Emption Group guidance. Notwithstanding this, the Board (having consulted with the Company's major Shareholders) considers that the Placing, the Euskaltel Share Acquisition and the Resolutions are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they undertake to do in respect of the 1,948,428 Existing Zegona Shares that they beneficially own (representing 1.54% of the Company's issued share capital).

Yours faithfully

Eamonn O'Hare

Chairman and CEO

PART II - DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

Admission	admission of the New Zegona Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities;
Available Funds	means £125.0 million representing the net proceeds of the Placing and the funds expected to be drawn down under the debt facilities (as described in the Prospectus) less amounts required for general corporate purposes;
Banks	Barclays and Oakley;
Barclays	Barclays Bank PLC, acting through its Investment Bank;
Board or Directors	the board of directors of the Company;
Business Day	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
Circular	this document;
Company or Zegona	Zegona Communications plc;
Core Investor Shares	the B ordinary shares of 0.00001p each in the capital of Zegona Limited;
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
CREST Manual	the CREST manual issued by Euroclear;
CREST member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
CREST Proxy Instruction	the instruction whereby CREST members send a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations);
CREST sponsored member	a CREST member admitted to CREST as a sponsored member;
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST;
Euskaltel	Euskaltel, S.A.;
Euskaltel Group	Euskaltel and its subsidiaries from time to time;
Euskaltel Share	an ordinary share in the capital of Euskaltel;
Euskaltel Share Acquisition	the acquisition of Euskaltel Shares through market purchases or privately negotiated transactions up to a maximum of 12.5% of the outstanding issued ordinary share capital of Euskaltel;
Existing Zegona Shares	the 126,219,449 Zegona Shares currently in issue;
Form of Proxy	the form of proxy enclosed with this Circular for use by Shareholders in connection with the General Meeting;
FCA	the Financial Conduct Authority;
FSMA	the Financial Services and Markets Act 2000, as amended, modified or supplemented from time to time;
General Meeting	the general meeting of the Company, to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10 a.m. on 7 February 2019, or any adjournment thereof, notice of which is set out at the end of this Circular;
Group	the Company and its subsidiaries and subsidiary undertakings from time to time;

Listing Rules	(in accordance with section 79(2) of FSMA) rules relating to admission to the Official List;
London Stock Exchange	London Stock Exchange plc;
Management Shares	means the A ordinary shares of 0.00001p each in the capital of Zegona Limited;
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;
New Zegona Shares	the new ordinary shares of £0.01 each in the capital of the Company to be issued to placees;
Notice of General Meeting	the notice of the General Meeting which appears at the end of this Circular;
Oakley	Oakley Advisory Limited;
Official List	the Official List of the FCA;
Placing	the placing of the New Zegona Shares with new and existing instituted Shareholders;
Placing Agreement	the placing agreement entered into between the Company and the Banks and described in further detail in paragraph 18 of Part XV (Additional Information) in the Prospectus;
Proposed Tender Offer	means the proposed tender offer announced by Zegona on 19 October 2018 to acquire up to 14.9% of the outstanding issued ordinary share capital of Euskaltel (equal to 26,620,000 shares at the date of the announcement) at a price of €7.75 per share;
Prospectus	the prospectus relating to the issue of the New Zegona Shares by Zegona as required by the FSMA and the Prospectus Rules issued by the FCA and made under Part VI of the FSMA;
Prospectus Rules	the prospectus rules of the UKLA made in accordance with section 73A of FSMA, as amended from time to time;
R Cable	R Cable y Telecomunicaciones Galicia, S.A.;
Record Time	6 p.m. on 5 February 2019 (or such other time and date as the Directors may determine);
Resolutions	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
Shareholder Relationship Agreement	the concert parties agreement dated 14 January 2019 among the Company, Zegona Limited and Talomon and described in further detail in paragraph 18 of Part XV (Additional Information) in the Prospectus;
Shareholders	holders of Zegona Shares;
Sterling or £	the lawful currency of the United Kingdom;
Talomon	Talomon Capital Limited on behalf of its clients and funds it manages;
Telecable	Parselaya, S.L.U. and its subsidiaries;
TMT	telecommunications, media and technology;
Transaction	the Placing, entry into the debt facilities (as described in the Prospectus) and the Euskaltel Share Acquisition;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UKLA	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
uncertificated or uncertificated form	Zegona Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
Zegona Shares	the ordinary shares of £0.01 each in the capital of the Company.

NOTICE OF GENERAL MEETING

ZEGONA COMMUNICATIONS PLC

(Incorporated in and registered in England and Wales with registered number 09395163)

NOTICE IS HEREBY GIVEN that a General Meeting of Zegona Communications plc (the "**Company**") will be held at 10 a.m. on 7 February 2019 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL (the "**Meeting**") to consider and, if thought fit, to pass the following resolutions, the second of which will be proposed as a special resolution:

Ordinary Resolution

1. THAT, in addition to all existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot up to 95,715,728 new ordinary shares of £0.01 each in the capital of the Company ("**New Ordinary Shares**") with an aggregate nominal value of up to £957,157.28, at a price of 105 pence per ordinary share, provided that this authority shall expire on 31 May 2019, save that the Company may, prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the New Ordinary Shares to be allotted after expiry of such authority, and the Directors may allot New Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired; and

Special Resolution

2. THAT, subject to the passing of resolution 1 above, the Directors be and are hereby generally and unconditionally authorised in accordance with sections 570 to 573 of the Act to allot New Ordinary Shares for cash, pursuant to the authority referred to in resolution 1 above as if sub-section (1) of section 561 of the Act did not apply to any such allotment provided that this authority shall expire on 31 May 2019, save that the Company may, prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the New Ordinary Shares to be allotted after expiry of such authority, and the Directors may allot New Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired.

Dated: 15 January 2019

By order of the Board

Axio Capital Solutions Limited

Company Secretary

Registered office: 20 Buckingham Street, London, England WC2N 6EF

Notes:

1 Entitlement to attend and vote

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and paragraph 18(c) of the Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members at 6 p.m. on 5 February 2019 shall be entitled to attend, speak and vote at the General Meeting (or if the meeting is adjourned, those members registered on the register of members of the Company not later than 48 hours before the time fixed for the adjourned meeting). In calculating the period of 48 hours mentioned above, no account shall be taken of any part of a day that is not a working day.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

2 Appointment of proxies

If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote (on a show of hands or on a poll) at the General Meeting and you should have received a proxy form with this notice of meeting. You can appoint a proxy only by using the procedures set out in these notes and the notes to the proxy form or, if you hold your shares in uncertificated form you may use the CREST electronic proxy appointment service as noted below.

A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the proxy form. All forms must be returned together in the same envelope.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

3 Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on the resolutions or withhold their vote. To appoint a proxy using the proxy form, the form must be:

- (a) completed and signed;
- (b) sent or, during normal business hours only, delivered to Link Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- (c) received by Link Asset Services no later than 10 a.m. on 5 February 2019.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

4 Appointment of proxy using CREST electronic proxy appointment service

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent, Link Asset Services (ID RA10), by 10 a.m. on 5 February 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5 Appointment of proxy by joint members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6 Changing proxy instructions

To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services on 0371 664 0300. Calls are charged at the standard rate. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7 Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- (a) by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
- (b) in the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Link Asset Services before the time fixed for holding the General Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

8 Communications with the Company

Except as provided above, members who have general queries about the General Meeting should telephone Link Asset Services on 0371 664 0300. Calls are charged at the standard rate. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. No other methods of communication will be accepted. You may not use any electronic address provided either in this Notice of General Meeting, or in any related documents (including the Circular and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

9 Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may have a right under an agreement between him and the shareholder by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies as stated above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

10 Issued Share Capital and Total Voting Rights

As at 11 January 2019, which is the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 126,219,449 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company. The Company does not hold any shares in treasury. Therefore, the total number of voting rights in the Company as at 11 January 2019 is 126,219,449.

The Company's website will include information on the number of shares and voting rights.

11 Members' rights to ask questions

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

12 **Website**

A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found at www.zegona.com.