

Canada Update (Allstream)

Zayo Group Holdings, Inc.

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NYSE: ZAYO
@ZayoGroup

Safe Harbor

Information contained in this presentation that is not historical by nature constitutes “forward-looking statements” which can be identified by the use of forward-looking terminology such as “believes,” “expects,” “plans,” “intends,” “estimates,” “projects,” “could,” “may,” “will,” “should,” or “anticipates” or the negatives thereof, other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that future results expressed or implied by the forward-looking statements will be achieved and actual results may differ materially from those contemplated by the forward-looking statements. Such statements are based on management’s current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those relating to Zayo Group Holdings, Inc.’s (“the Company” or “ZGH”) financial and operating prospects, current economic trends, future opportunities, ability to retain existing customers and attract new ones, outlook of customers, and strength of competition and pricing. In addition, there is risk and uncertainty in the Company’s acquisition strategy including our ability to integrate acquired companies and assets. Specifically there is a risk associated with our recent acquisitions, and the benefits thereof, including financial and operating results and synergy benefits that may be realized from these acquisitions and the timeframe for realizing these benefits. Other factors and risks that may affect our business and future financial results are detailed in the “Risk Factors” section of our Annual Report or Form 10-K filed with the Securities and Exchange Commission (“SEC”) on September 18, 2015. We caution you not to place undue reliance on these forward-looking statements, which speak only as of their respective dates. We undertake no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after releasing this supplemental information or to reflect the occurrence of unanticipated events, except as required by law.

In addition to this presentation and our filings with the SEC, the Company provides a supplemental earnings presentation, pricing supplement and a glossary of terms used throughout. All of which can be found under the investor section of the Company’s website at <http://www.zayo.com/investors>.

Purpose

Provide an update on the Allstream acquisition in advance of May 5, 2016 earnings call

summary of the Allstream acquisition terms and merits

refresh on near-term Zayo Canada reporting structure

near-term financial targets

integration plan and long-term reporting structure

value creation opportunity

will address highlights on the earnings call

all amounts shown in US\$ and subject to FX variability

Allstream Summary

Transforms Zayo into pan-North America infrastructure provider



closed January 15, 2016

US\$320M gross purchase price (including \$26M of assumed liabilities)¹

US\$450M annualized revenue and **US\$72M** annualized adjusted EBITDA²

4.4x pre-synergy Dec-15 LQA² multiple

mix of Communications Infrastructure and complementary managed & voice services
 unique set of intercity and metro fiber assets in contiguous geography
 compelling valuation

US\$60M planned cost synergies

¹ Purchase price based on spot FX rate of 0.69 Canadian per US Dollar as of January 15, 2016. All other US\$ amounts based on Mar-15 quarter average FX rate of 0.73

² Based on Dec-15 quarter results adjusted to exclude two non-recurring items totalling \$3.0M of quarterly revenue and adjusted EBITDA

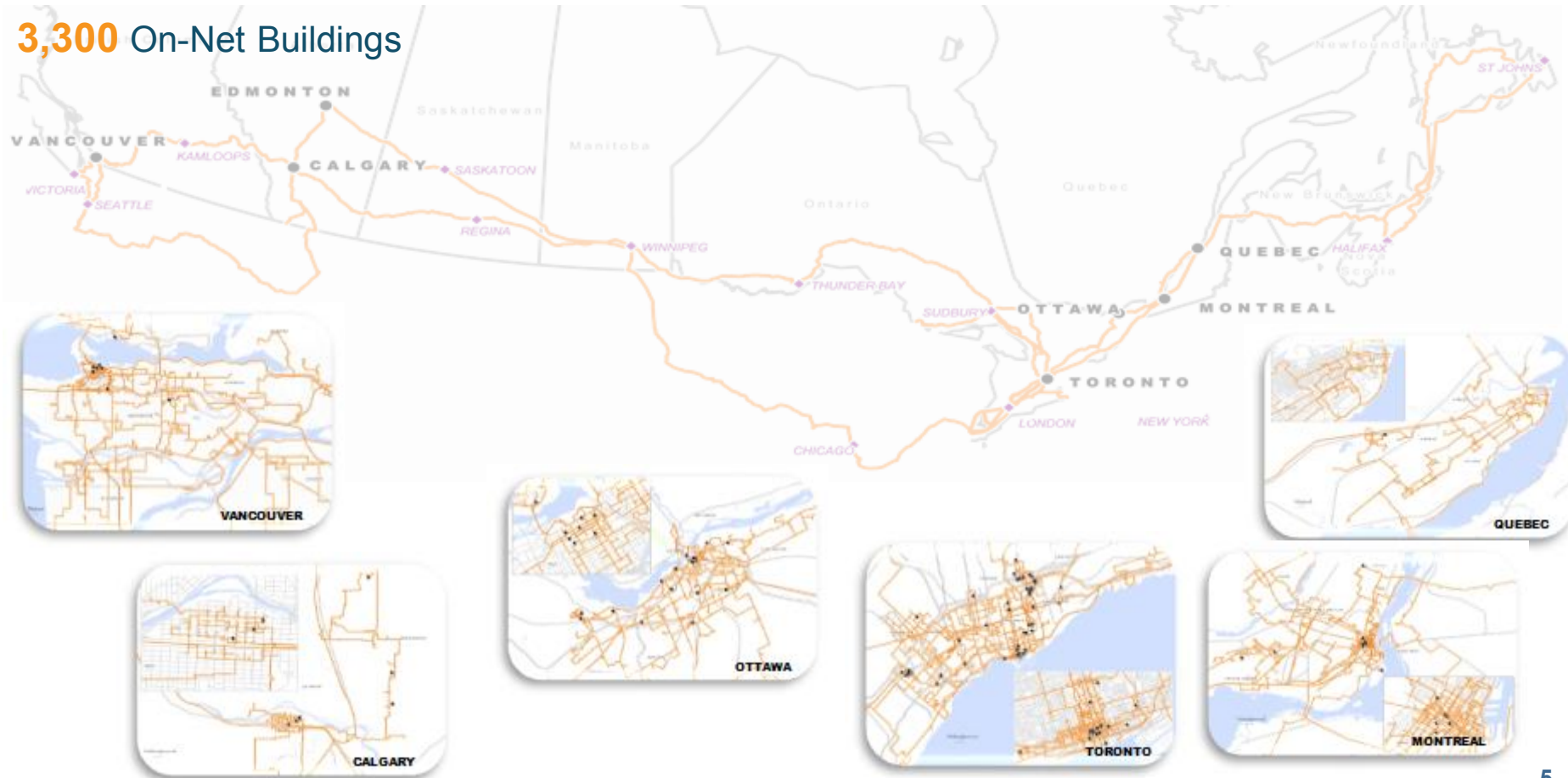
Allstream Assets

Unique fiber assets across Canada and all major metro markets

12,500 of intercity and **5,000** metro route miles of fiber

532,000 fiber miles

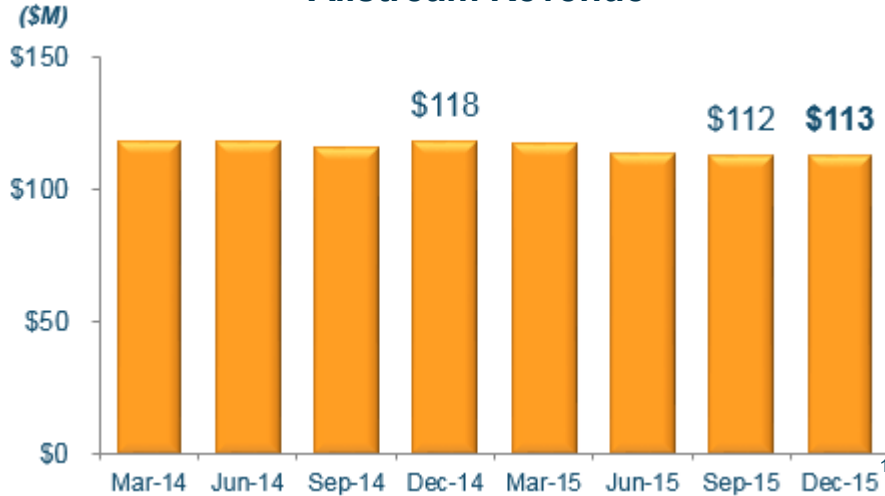
3,300 On-Net Buildings



Allstream Historical Financials

Revenue and adjusted EBITDA trends as reported by MTS in US\$

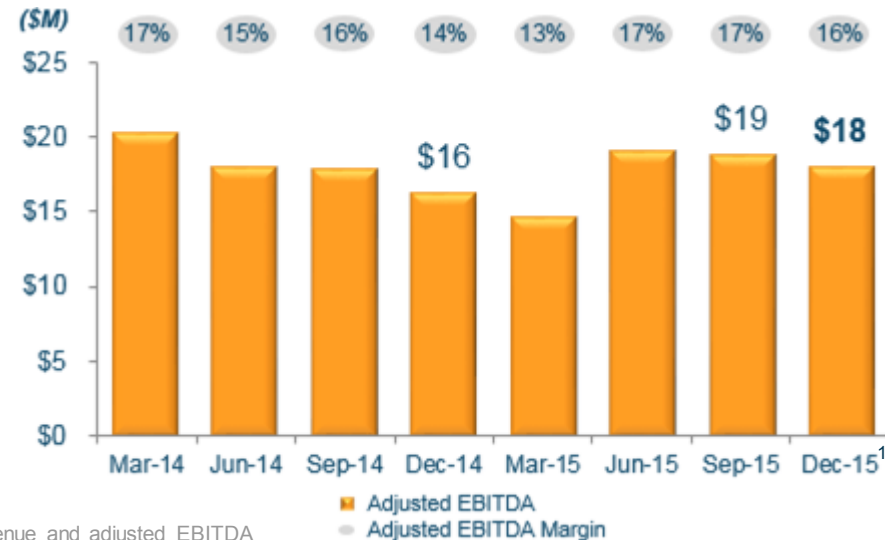
Allstream Revenue



revenues declining **3-5%** YoY

adjusted EBITDA stabilized in 2015 due to cost savings initiatives
recently **16-17%** adjusted EBITDA margin

Allstream Adjusted EBITDA²



All US\$ amounts based on 0.73 Canadian to US Dollar FX rate

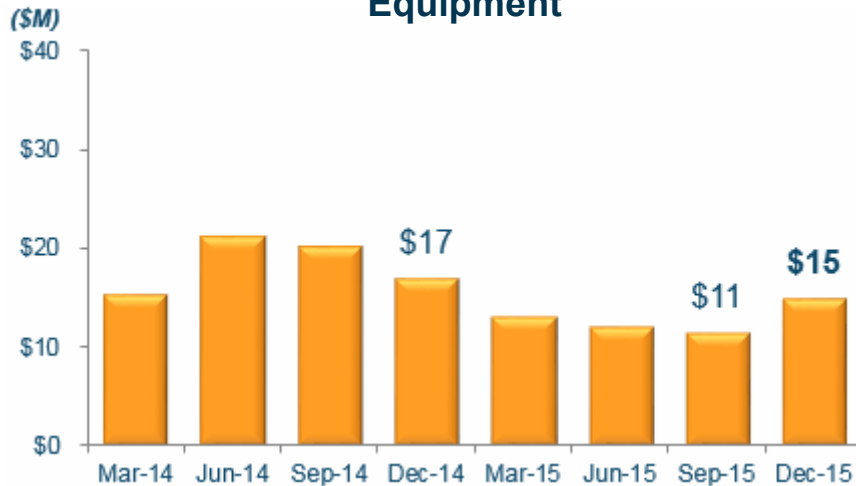
¹ Dec-15 quarter results adjusted to exclude two non-recurring items totalling \$3.0M of quarterly revenue and adjusted EBITDA

² Adjusted EBITDA excludes restructuring charges

Allstream Historical Financials

Capital expenditure and cash flow trends as reported by MTS (US\$)

Allstream Purchases of Property and Equipment

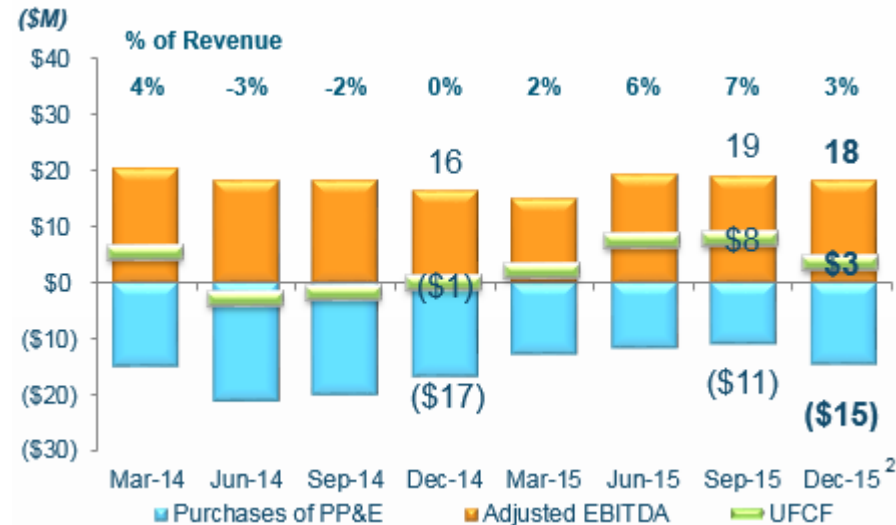


historically spent on product expansions and customer premise equipment

expect to re-focus on communications infrastructure / fiber builds

historically low single digits UFCF as % of revenue

Allstream Unlevered Free Cash Flow (UFCF) ¹



All US\$ amounts based on 0.73 Canadian to US Dollar FX rate











¹ UFCF calculated as Adjusted EBITDA (excluding restructuring charges) less capital expenditures

² Dec-15 quarter results adjusted to exclude two non-recurring items totaling \$3.0M of quarterly revenue and adjusted EBITDA

Near-term Reporting

Through Sep-16 quarter, Allstream will be reported as a new, separate Segment named Zayo Canada

Based on Dec-15 quarter annualized (\$M):

Segment		Strategic Product Group	Revenue
Dark Fiber Solutions		Dark Fiber	442
		Mobile Infrastructure	109
		Segment Total	551
Network Connectivity		Wavelengths	288
		Ethernet	167
		IP Services	130
		Sonet	90
		Segment Total	675
Colocation & Cloud Infrastructure		Interconnect-Oriented Colo	196
		Cloud Services	37
		Segment Total	233
Zayo Canada		Zayo Canada	450 ^{1 2}
		Segment Total	450
Other		Professional Servies	19
		Segment Total	19
		Total	1,928

initially, Zayo Canada metrics will be excluded from earnings supplement metrics
targets for Zayo Canada provided on next slide

legacy Allstream business will be reported as a single new segment

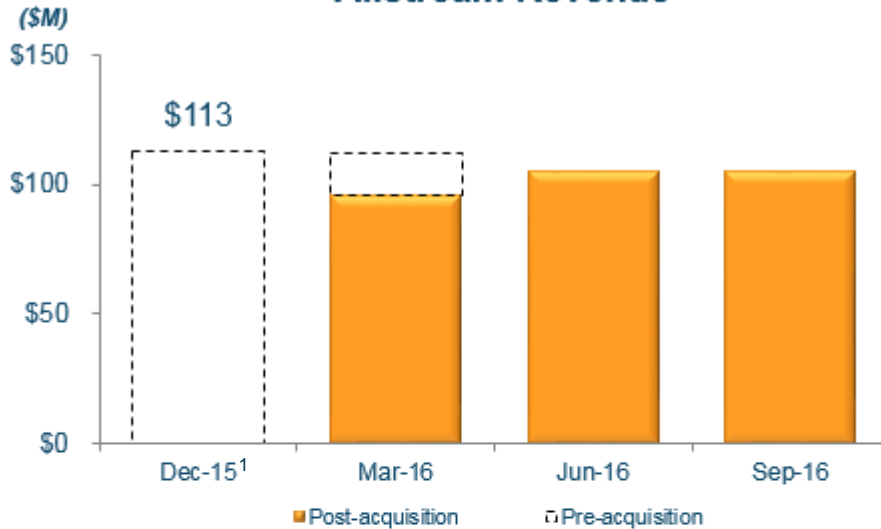
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² Based on FX rate of 0.73 Canadian to US Dollar

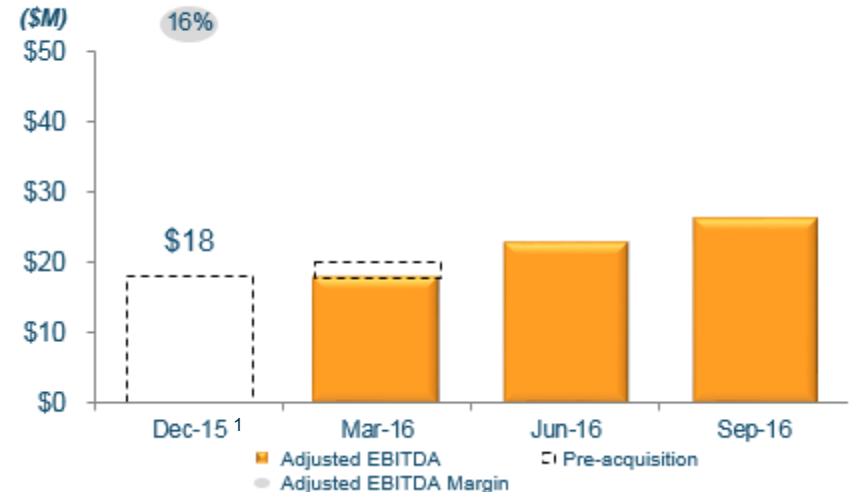
Zayo Canada Targets Thru Sep-16 Quarter

Adjusted EBITDA and UFCF are expected to grow during integration period

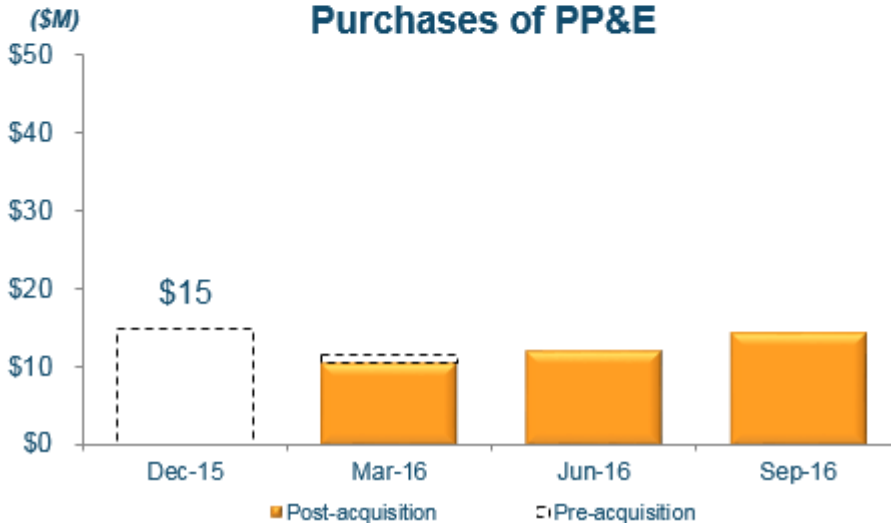
Allstream Revenue



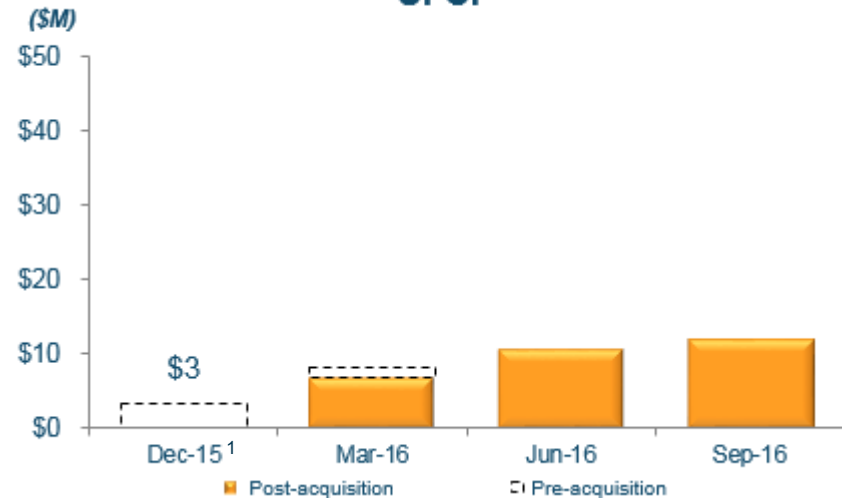
Adjusted EBITDA



Purchases of PP&E



UFCF



All US\$ amounts based on 0.73 Canadian to US Dollar FX rate

¹Dec-15 quarter results adjusted to exclude two non-recurring items totaling \$3.0M of quarterly revenue and adjusted EBITDA

Integration Plan

Separate Zayo Canada into existing and new Strategic Product Groups (SPGs) and Segments

Managed Service Segment (new)

two new “managed” SPGs:
Managed WAN/LAN & Managed Cyber Security

buys services from “infrastructure” SPGs

currently Canada, with potential to expand to US & Europe

Infrastructure Segments (existing) Dark Fiber, Network Connectivity, Colo & Cloud

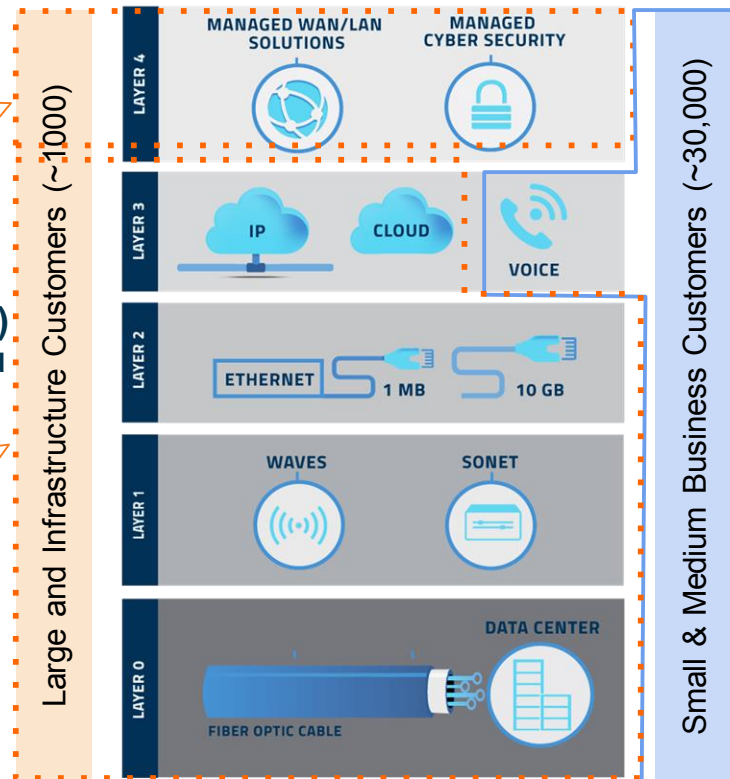
nearly all existing infrastructure revenue is Network Connectivity

increased focus on infrastructure

significant synergies

cross-selling of geographies

Zayo Canada Products



Voice/UC & SMB Solutions Segment (new)

two new SPGs: Voice/Unified Communications (UC) & Small-Medium Business (SMB) Solutions

buys services from “infrastructure” SPGs














Voice/UC SPG provides service to Canadian direct customers and SMB Solutions SPG

value creation through profitability and cash flow optimization

Long-term Reporting

In Dec-16 quarter, anticipate incorporating Zayo Canada into new and existing Segment & SPG structure

Based on Dec-15 quarter annualized (\$M):

Segment		Strategic Product Group	Revenue	Allstream Revenue ^{1,2}	Consolidated Revenue	% Total Revenue
Dark Fiber Solutions		Dark Fiber	442	3	445	23%
		Mobile Infrastructure	109		109	6%
		Segment Total	551	3	554	29%
Network Connectivity		Wavelengths	288	25	313	16%
		Ethernet	167	44	211	11%
		IP Services	130	21	151	8%
		Sonet	90	32	122	6%
		Segment Total	675	123	798	41%
Colocation & Cloud Infrastructure		Interconnect-Oriented Colo	196	4	200	10%
		Cloud Services	37		37	2%
		Segment Total	233	4	237	12%
Managed Services		Managed Security		7	7	0%
		Managed WAN/LAN		86	86	4%
		Professional Services	19		19	1%
		Segment Total	19	93	112	6%
Voice/UC & SMB Solutions		Voice/UC		118	118	6%
		Small Business Solutions		108	108	6%
		Segment Total	0	226	226	12%
		Total	1,478	450	1,928	100%

revenue in chart is Dec-15 annualized; mix percentage in Dec-16 will be different due to growth rates and inorganic activity

in Dec-16 quarter, Zayo Canada is expected to be included in operational metrics except for Voice/UC & SMB Solutions Segment

Investment Thesis Update

Create significant equity value through focused Segments and SPGs

Segment or SPG	Strategy	Annualized Financial Targets ¹		Valuation Ranges ²
Communications Infrastructure Segments	increased focus, cross selling, & heavy integration	revenue: EBITDA margin: revenue growth:	~\$135M ~40%+ 5 - 7%	8 - 12x EBITDA
Managed Services Segment	de-integrate into focused SPGs and managed toward steady value creation	revenue: EBITDA margin: revenue growth:	~\$100M ~20% 3 - 5%	5 - 7x EBITDA
Voice/UC SPG	de-integrate into focused provider of Voice Services	revenue: EBITDA margin: revenue growth:	~\$100M ~20%+ negative	4 - 6x EBITDA
SMB Solutions SPG	de-integrate into focused provider of converged services to SMB	revenue EBITDA margin: revenue growth:	~\$90M ~10%+ negative	cash flow multiple

Substantial value creation opportunity relative to \$320M gross purchase price

¹ Based on FX rate of 0.73 Canadian to US Dollar

² Based on comparable public and private valuations

Thank You

Reminder that Zayo's FY3Q16 earnings call is scheduled for May 5, 2016 at 5:00PM Eastern Time. More information is available at:

investors.zayo.com