March 7, 2019

Dan Caruso
Chairman and Chief Executive Officer
Zayo Group Holdings, Inc.
1821 30th Street, Unit A
Boulder, CO 80301

cc: Board of Directors

Dear Dan,

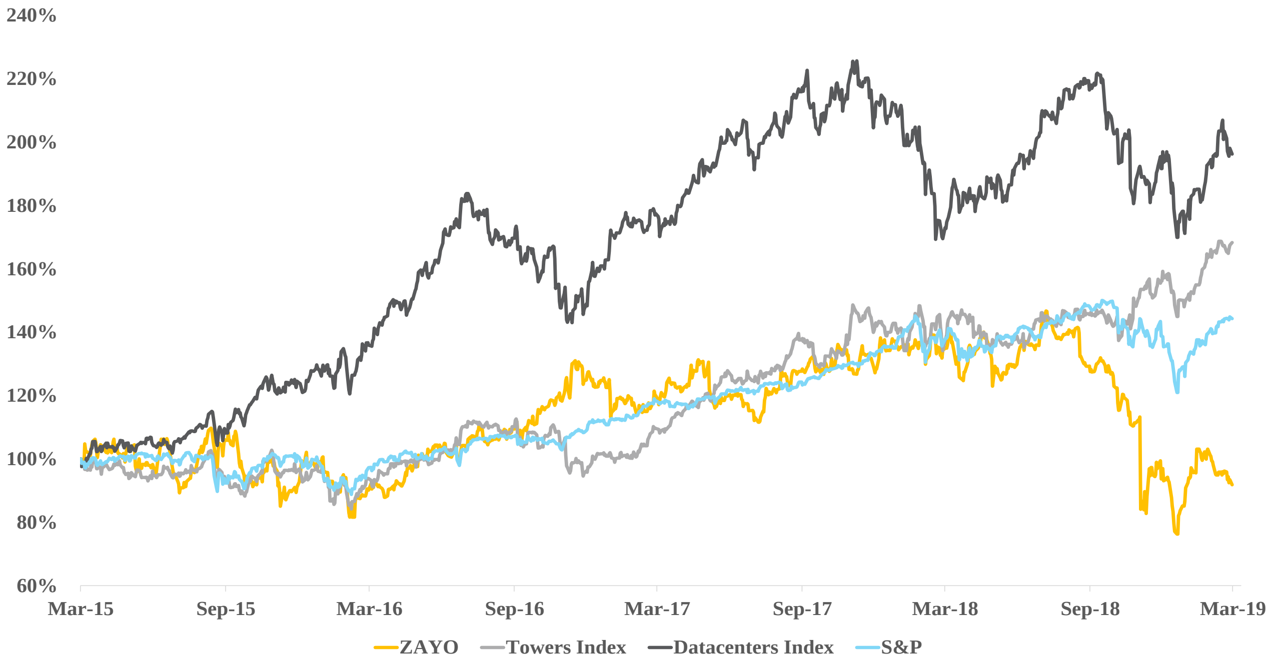
Starboard Value LP, together with its affiliates ("Starboard"), currently owns approximately 4.0% of the outstanding common stock of Zayo Group Holdings, Inc. ("Zayo" or the "Company"), making us one of the Company's largest shareholders.

As we have discussed over the past several months, we have invested in Zayo because we believe the Company is deeply undervalued and that there are significant opportunities to create value based on actions within the control of management and the Board of Directors ("Board"). The purpose of this letter is to share our views with you, the entire Board, and the broader investor community.

We believe that Zayo owns a unique and valuable collection of communications infrastructure assets. Zayo is the largest independent fiber network operator in the United States and has one of the deepest, densest metro fiber networks in the country. Replicating Zayo's network would require tens of billions of dollars and would take years to complete. Zayo's metro networks and long haul routes put the Company in an enviable position to capitalize on the ever growing demand for bandwidth. A variety of trends such as cloud adoption, Over the Top video, and the Internet of Things are fueling double digit growth in Internet traffic, which is projected to continue for many years into the future. These trends have resulted in consistently growing demand for the bandwidth infrastructure needed to support surging data usage. Despite these favorable business characteristics and industry tailwinds, Zayo currently trades at a discount to both its intrinsic value and the replacement value of its network.

During its four year history as a public company, Zayo has produced poor shareholder returns and has consistently traded at a large discount to private market valuations. More recently, a combination of management turnover, poor operating performance, and confusing strategic changes have contributed to a steep decline in Zayo's share price. As exhibited in the chart below, public shareholders have endured years of underperformance relative to other communications infrastructure peers and relative to the broader equity markets.

**Zayo Historical Share Price Performance**




Source: Bloomberg and CapIQ; Data through March 5, 2019
Towers Index includes AMT, CCI, SBAC. Data Centers Index includes EQIX, DLR, CONE, COR, QTS

We read yesterday's announcement regarding the cancelation of the recently scheduled analyst day and the decision to explore strategic alternatives with great interest. As you and the Board evaluate the different paths forward, we would encourage you to remain open minded about all potential options, including a sale of the Company. Given Zayo's historical performance and valuation discount, a sale of the Company may be the best option to maximize shareholder value on a risk-adjusted basis. Ultimately, it is the duty of the Board to evaluate any and all potential acquisition offers and weigh them against the standalone plan, adjusting for the significant execution risks and historical challenges. We are certainly supportive of a full and fair process to explore all available strategic alternatives. However, such a process must be conducted in a purely objective manner focused on certainty of value delivered without consideration for the ongoing roles of members of management and the Board, or any other elements that could create conflicts of interest.

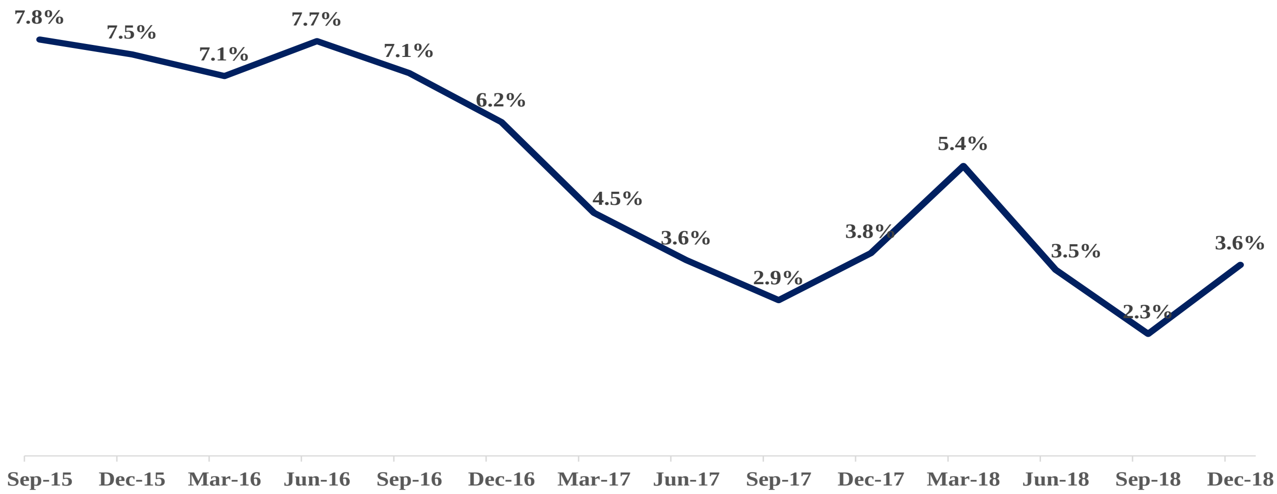
To the extent that the Board decides that Zayo should remain independent, we believe significant changes may be needed in order to improve operating and financial performance as well as enhance corporate governance and board oversight. As we outline below, we believe there are a number of opportunities to drive improved financial results through more efficient operations, a more disciplined approach to capital allocation, a consistent and thoughtful strategic plan, and improved governance and oversight to ensure accountability for results and alignment of interests.

## Address Decelerating Revenue Growth Trends

As shown in the chart below, Zayo's Implied Recurring Revenue[1] growth rates have declined from approximately 7.8% to approximately 3.6% over the past few years. This is in stark contrast to industry trends which suggest that the Company should be growing at a significantly faster rate. We believe these growth challenges are largely self-inflicted and are further exacerbated by elevated levels of customer churn.

[1] Calculated as Net Installs annualized, divided by beginning quarter MRR+MAR run rate.

**Zayo Implied Recurring Revenue Growth**




Source: Company filings.

Based on our research, we believe these growth challenges have been driven by a combination of senior leadership turnover, a complicated and ever-changing organizational structure, and multiple mid-year changes to the salesforce structure that has created confusion and high levels of salesforce attrition.

In just the past few years, the Company has employed four Chief Operating Officers, three sales leaders, and has experienced a large number of other senior executive departures. Although some level of turnover is acceptable, the level of management turnover at Zayo is virtually unprecedented when compared to similarly-sized healthy public companies.

**Zayo Recent Senior Management Turnover**

| Executive | | Role | Departure Date |
|---|---|---|---|
| Andrew | Crouch | COO | May-18 |
| Chris | Morley | COO | Apr-17 |
| Matt | Erickson | COO | Aug-16 |
| Ken | Desgarennes | CFO | Sep-17 |
| Ed | Morche | President, Sales | Jun-17 |
| Glenn | Russo | President, Sales | Oct-16 |
| Karl | Maier | President, International | Aug-16 |
| David | Howson | President, International | Nov-15 |
| Stephanie | Copeland | President, zColo | Nov-15 |
| TJ | Karklins | SVP, zColo | Jun-18 |
| Amanda | Tierney | EVP, Network Connectivity | Jun-18 |
| Max | Clauson | EVP, Transport | Jan-18 |
| David | Jones | EVP, Dark Fiber | Apr-17 |
| Daniel | Enright | EVP, Operations | Jul-17 |
| Gary | Friedman | EVP, Colo and Cloud | Oct-16 |

Source: Company filings and LinkedIn

Additionally, Zayo has been through years of organizational changes where customers and salespeople were left confused and frustrated by the disparate and ever-changing procurement and compensation hurdles across the Company's Strategic Product Groups (SPGs). Based on our conversations with former Zayo salespeople, we have learned that there have been multiple mid-year changes to the salesforce incentive plans for some of Zayo's business units. This creates confusion for many of the sales reps and has contributed to well-above market salesforce attrition.

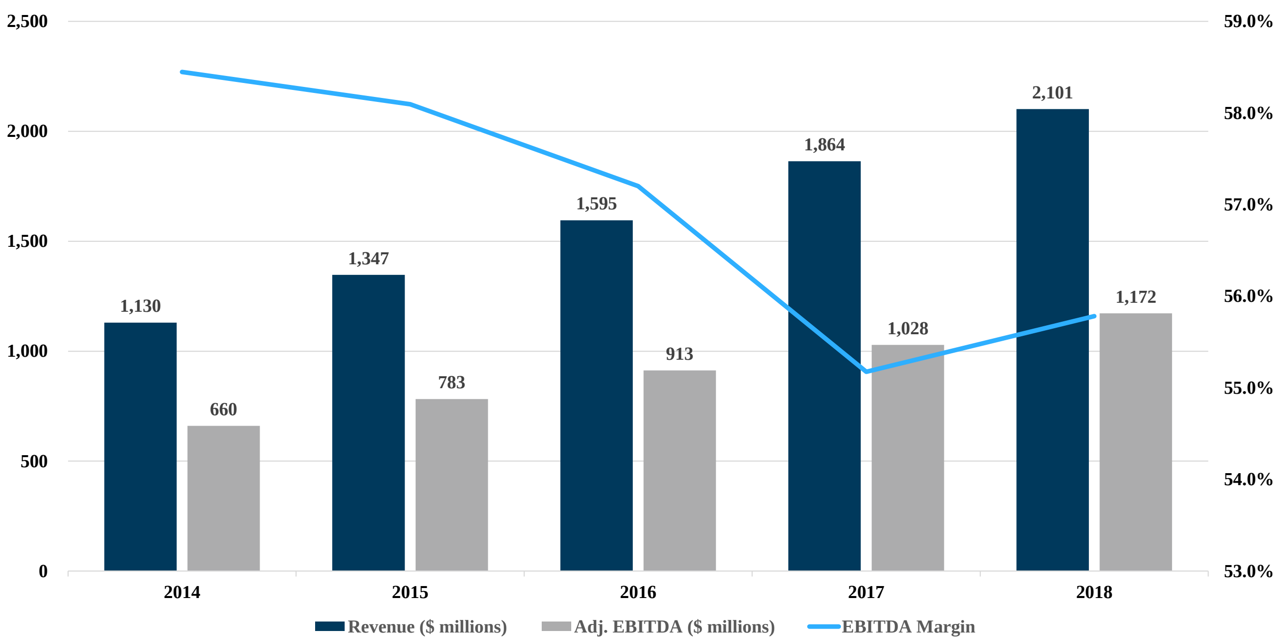
Going forward, Zayo needs stability in leadership, a consistent and clearly articulated strategy, and appropriate and effective sales compensation plans that drive a balance of existing customer retention and new customer growth.

**Improve Operating Margins by Integrating Past Acquisitions and Streamlining Organizational Structure**

Zayo was built primarily through the acquisitions of 45 different companies over the past 11+ years. Based on our research and conversations with former executives of the Company, we believe that many of these past acquisitions were not properly integrated. Our diligence suggests there is a meaningful opportunity to fully integrate past acquisitions, centralize functional areas across the organization, and remove duplicate corporate overhead within the SPGs in order to reduce costs and drive higher operating margins.

As we have discussed with the Company, we would expect a growing communications infrastructure company to better leverage its fixed cost base and thus drive operating margin improvements over time. As shown in the chart below, the opposite has occurred at Zayo. Over the past four years, Zayo has dramatically grown its revenue base through a combination of acquisitions and organic growth. Despite almost doubling its core revenue during this period, EBITDA margins have declined (even when excluding the non-core Allstream business).

**Zayo Historical Revenue and EBITDA Margins (ex Allstream)**




Source: Company filings.

Given Zayo's scale, and the size of its existing functional teams, the Company should be able to grow revenue with accretive incremental margins. Going forward, we believe that Zayo can expand operating margins by adopting a more cost disciplined approach, centralizing key functions, and reducing stranded costs associated with past acquisitions.

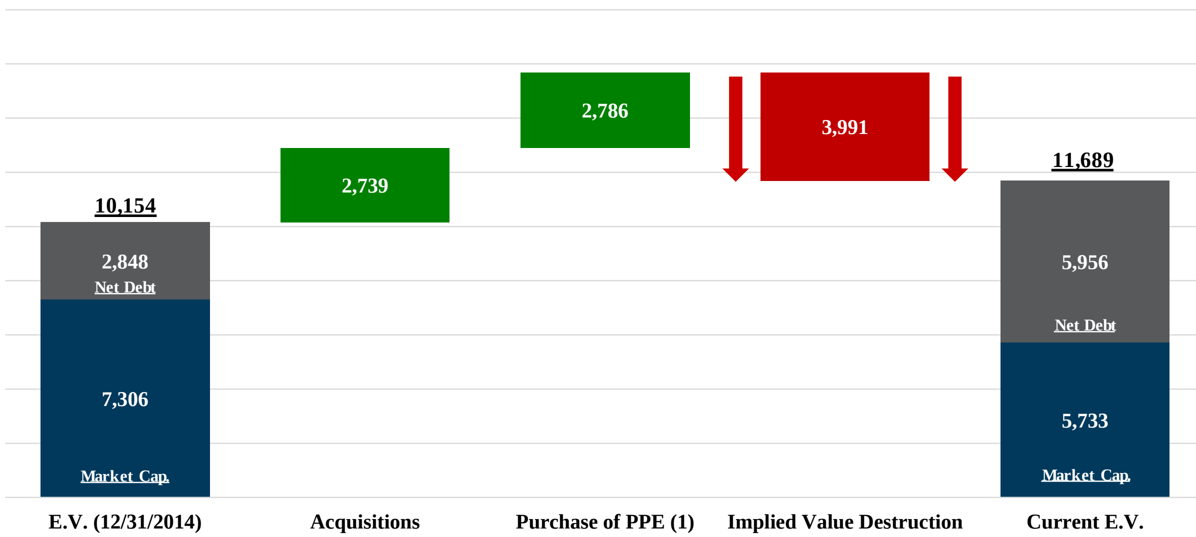
## Improve Capital Allocation and Focus on High ROIC Investments

Since 2014, Zayo has spent $2.7 billion on acquisitions and another $2.8 billion of growth related capital expenditures. However, despite commentary from the Company claiming to have realized significant synergies and generated positive returns from acquisitions and capital investments, our analysis depicts a different outcome.

As shown below, as of December 31, 2014 total enterprise value was approximately $10.2 billion. Currently, Zayo's enterprise value is $11.7 billion[2], which is an increase of only $1.5 billion. This implies that since 2014, despite $5.5 billion of spending on acquisitions and investments, only $1.5 billion of incremental enterprise value has been created, signaling significant value destruction.

**Zayo - Comparison of Change in Enterprise Value to Cumulative Investment Spending (2014-2019)**

*($ in millions)*




Source: Company filings; Market data as of March 5, 2019

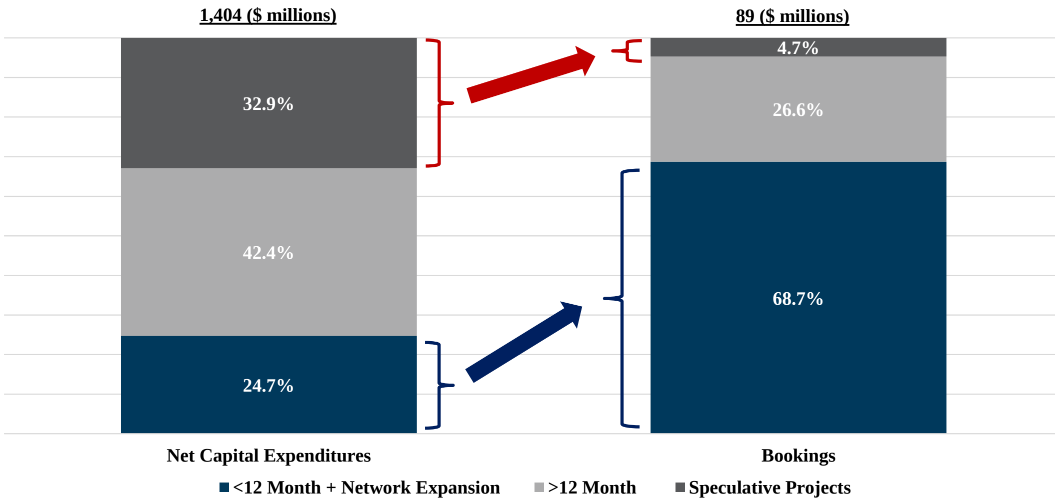
(1) Excluding Maintenance Capital Expenditures of $113 million and net of 4.1 million shares repurchased

We believe that Zayo must instill a more disciplined approach to measuring return on invested capital across its business units and pare back investments in its more speculative network expansion projects. As shown in the chart below, of the approximately $1.4 billion of Net Capital Expenditures ("Capex")"[3] spent over the past three years, only ~25%, or approximately $350 million, was spent on projects with a less than twelve month return or network expansion projects. Yet this small portion of Zayo's Capex drove close to ~70% of new bookings over that period. That implies that the other ~75% of Capex, or over $1 billion, was spent on projects that only yielded just over ~30% of new bookings. Further, if you look at Capex spending on only speculative projects, which totaled over $450 million, it only drove ~5% of new bookings, or just over $4 million of new bookings. Clearly these speculative projects have not yielded an acceptable level of return and should allow for reductions in Capex going forward.

[2] Prior to the announcement of exploring strategic alternatives.

[3] Estimated Capital and Upfront Expenditures associated with Net New Sales.

**Zayo Stratification of Net New Sales (Bookings) - Last 3 Years**




Source: Company filings.

## Execute a Consistent Strategic Plan

On November 7, 2018, Zayo reported disappointing fiscal Q1 results and unveiled what appeared to be a hastily conceived plan to separate Zayo into two public companies (InfrastructureCo and EnterpriseCo) and convert to a REIT by early 2020. The Company's share price subsequently declined 26% in a single day. Only three months later, Zayo announced dramatic changes to this plan. On February 7, 2019, Zayo reported fiscal Q2 earnings and announced a long list of changes to its "Unleash" plan, including canceling plans to spin-off EnterpriseCo into a separate company, delaying the REIT conversion timeline until 2021-2022, reducing the number of disclosed financial metrics, and changing the business segmentation yet again. Then, again, in a new twist, just yesterday the Company announced its decision to postpone the March 14th analyst day, just 35 days after first announcing the event, and to explore strategic alternatives.

This pattern of announcing strategic changes, and then shortly thereafter changing direction, is troubling and is an indication of a broader lack of strategic direction and oversight. In light of yesterday's announcement, we hope that the Company will follow through with its public commitments and explore all available strategic alternatives. Given Zayo's historical performance and valuation discount, a sale of the Company may be the best option to maximize shareholder value on a risk-adjusted basis.

We remain open to constructive dialogue with you and the Board regarding these topics. We will continue to monitor the Company's progress toward improving operating performance and exploring strategic alternatives. We look forward to continuing our discussions.

Best Regards,

Peter A. Feld
Managing Member
Starboard Value LP