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ZEGONA COMMUNICATIONS PLC ("Zegona")

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29 January 2020

EUSKALTEL ANNOUNCES NEW MANAGEMENT INCENTIVE PLAN

- **The Plan is based on 3 year equity value creation, aligning management with shareholders**
- **Targeted at up to 40 senior managers. Key component of Euskaltel's Transformation and National Expansion Plan**
- **Creates opportunity to share in up to 4% of equity value creation. 4% maximum only achieved if Euskaltel value is equivalent to a share price of €19, a gain of over €2 billion**
- **A Euskaltel share price of €19 implies a Zegona share price of over £2.80 on a look-through basis¹. Zegona's current share price is £1.10².**

Euskaltel announced yesterday that its Board of Directors has approved a Long Term Incentive Plan for its management team based on the value created for shareholders over the next three years.

The Plan is designed to align Euskaltel's key management with the interests of shareholders and is a fundamental pillar for Euskaltel's transformation, including National Expansion. The plan is targeted at up to 40 senior managers and key contributors of the Euskaltel Group.

There is a minimum threshold within the Plan that requires a significant increase over Euskaltel's current share price. The Plan creates the opportunity to share in up to 4% of equity value creation over the next three years. This 4% maximum can only be achieved once Euskaltel's equity value is equivalent to a share price of €19, representing a value gain for shareholders of over €2 billion. A portion of the incentive will be linked to the achievement of specific cash flow targets.

Eamonn O'Hare, Chairman and CEO of Zegona, commented: "The Incentive Plan is another key component in Euskaltel's transformation strategy initiated by the company's new CEO, José Miguel García. Zegona fully supports the shareholder focused plan design. The minimum threshold requires a material increase over Euskaltel's current share price, and the maximum 4% level is only achieved once Euskaltel's value more than doubles. This is great news for Zegona shareholders as achieving this value would equate to a Zegona share price of over £2.80, more than two and a half times our share price today."

Enquiries

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About Zegona

Zegona was established in 2015 with the objective of investing in businesses in the European Telecommunications, Media and Technology sector and improving their performance to deliver attractive shareholder returns. Zegona is listed on the standard listing segment of the Official List of the Financial Conduct Authority and the Main Market for listed securities of the London Stock Exchange, and is led by former Virgin Media executives Eamonn O'Hare and Robert Samuelson.

1. Defined as the value of Zegona's holding in Euskaltel and its current net cash position translated using the prevailing £/€ exchange rate of 1.1804. Does not include Zegona's other net assets or any value for Zegona's Management and Core Investor incentive schemes
2. As at 28 January 2020