



PROPOSED RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS AT THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF EUSKALTEL, S.A. CALLED TO BE HELD ON 27 JUNE 2016, ON FIRST CALL, AND 28 JUNE 2016, ON SECOND CALL

The resolutions that the Board of Directors of Euskaltel, S.A. proposes for approval by the shareholders at the General Shareholders' Meeting are the following:

ITEM ONE ON THE AGENDA

Examination and approval of the annual accounts, management report, application of results, and company management

- 1.1. **Examination and approval of the individual annual accounts of the Company and the consolidated accounts of the Company and its subsidiaries for the financial year ended 31 December 2015**
- 1.2. **Examination and approval of the individual management report of the Company and the consolidated reports of the Company and its subsidiaries for the financial year ended 31 December 2015**
- 1.3. **Examination and approval of the proposed application of results of Euskaltel for the financial year ended 31 December 2015**
- 1.4. **Examination and approval of company management and of the actions of the Board of Directors during the financial year ended 31 December 2015.**

PROPOSED RESOLUTION RELATING TO ITEM ONE

- 1.1. **Examination and approval of the individual annual accounts of the Company and the consolidated accounts of the Company and its subsidiaries for the financial year ended 31 December 2015**

It is hereby resolved to approve the individual annual accounts of Euskaltel and the annual accounts of Euskaltel consolidated with those of its subsidiaries for the financial year ended 31 December 2015 and which were drawn up by the Board of Directors at its meeting held on 24 February 2016.

- 1.2. **Examination and approval of the individual management report of the Company and the consolidated reports of the Company and its subsidiaries for the financial year ended 31 December 2015**

It is hereby resolved to approve the individual management report of Euskaltel and the management report of Euskaltel consolidated with that of its subsidiaries for the financial year ended 31 December 2015, which were approved by the Board of Directors at its meeting held on 24 February 2016.



1.3. Examination and approval of the proposed application of results of Euskaltel for the financial year ended 31 December 2015

Pursuant to the proposal made by the Board of Directors at its meeting held on 24 February 2016, it is hereby resolved to approve the application of the results of the Company, as described below:

To apply all of the individual results from financial year 2015 in the amount of 6,781 thousand euros as follows:

To the legal reserve: 678 thousand euros.

To other reserves: 6,103 thousand euros.

1.4. Examination and approval of company management and of the actions of the Board of Directors during the financial year ended 31 December 2015.

The management of the Company and the activities of the Board of Directors of the Company during the financial year ended 31 December 2015 is hereby approved.



ITEM TWO ON THE AGENDA

Amendment of certain articles of the Bylaws

PROPOSED RESOLUTIONS RELATING TO ITEM TWO

It is hereby resolved to amend the Bylaws upon the terms set out in the report of the Board of Directors issued for said purpose and made available to the shareholders as from the call to this General Meeting.

Specifically, it is hereby resolve to amend the following articles of the Bylaws, which, as they are independent and deemed to be substantially independent of each other, are submitted to a separate vote, all upon the terms of the report of the Board of Directors prepared for said purpose:

2.1. Amendment of article 25 of the Bylaws (“Court-ordered call”)

Amendment of article 25 (“Court-ordered call”), which shall hereafter read as follows:

“Article 25. Other instances of call to meeting

If the ordinary General Shareholders’ Meeting or any other General Shareholders’ Meeting provided for in the Company’s Bylaws is not called within the applicable legal time limit, they may be called by the Clerk to the Court (Secretario Judicial) or the Commercial Registrar corresponding to the registered office upon the request of any shareholder after a hearing by the Board of Directors.

2.2. Amendment of article 62 of the Bylaws (“Director remuneration”)

Amendment of article 62 (“Director remuneration”), which shall hereafter read as follows:

“Article 62. Director remuneration

- 1. The directors shall be entitled to receive remuneration for the performance of the duties corresponding thereto by virtue of their membership on the Board of Directors as a collective decision-making body of the Company.*
- 2. The remuneration of the directors as such (excluding for these purposes those directors who perform executive duties) shall have two components: (a) a fixed annual allocation; and (b) potential commitments of the Company to pay amounts as insurance premiums in favour of the directors, in this latter case with a maximum annual limit of eight thousand euros (€8,000) per director.*

The total amount of the remuneration that the Company may pay to all of its directors for the items set out in the preceding paragraph shall not exceed the amount determined for such purpose by the shareholders at the General Shareholders’ Meeting. The amount thus established by the shareholders shall be maintained until it is modified by a new resolution of the shareholders at a General Shareholders’ Meeting, pursuant to the provisions of applicable law.

The specific amount corresponding to the above items for each of the directors shall be determined by the Board of Directors in accordance with the director remuneration policy. For such purpose, it may take into account, amongst other issues, the positions held by each director within the collective body



itself, their membership on and attendance at the various committees, and the classification of the director as independent or proprietary.

- 3. Directors who perform executive duties shall be entitled to receive remuneration for the performance of said duties provided for in the contract signed to that end between the director and the Company.*

Said contract shall conform to the director remuneration policy to be approved by the shareholders at the General Shareholders' Meeting, including the parameters for the accrual of their remuneration, as well as possible severance payments for termination of the contract, provided that the termination of employment is not due to a breach of their duties as director, and any commitments of the Company to pay insurance premiums or contributions to savings or social welfare systems.

If appropriate, the Board of Directors shall establish the remuneration of the directors for the performance of executive duties and approve, with the legally required majority, the executive directors' contracts with the Company, which must conform to the remuneration policy approved by shareholders at the General Meeting.

- 4. Within the framework of the remuneration policy and the incentive plans that apply at any particular time, directors performing executive duties may be remunerated with the delivery of shares of the Company or of another company to which it belongs, options thereon, or instruments or other remuneration linked to the value thereof.*

If referenced to shares of the Company or to financial instruments linked to the quoted price thereof, said remuneration must be approved by the shareholders at a General Shareholders' Meeting. If applicable, the resolution shall state the maximum number of shares to deliver, the exercise price or system for calculating the exercise price of the share options, the value of any shares used as a reference, and the duration of the plan.

The shareholders may delegate to the Board of Directors the determination of any other aspects of this type of remuneration.

- 5. The director remuneration policy shall conform as appropriate to the remuneration system provided for in the Company's Bylaws, shall have the scope provided by law, and shall be submitted by the Board of Directors for the approval of the shareholders acting at a General Shareholders' Meeting with the frequency provided by law.*
- 6. The Company shall purchase a civil liability policy for its directors upon customary terms and proportional to the circumstances of the Company."*

2.3. Amendment of article 64 of the Bylaws ("Audit and Control Committee")

Amendment of article 64 ("Audit and Control Committee"), which shall hereafter read as follows:

"Article 64. Audit and Control Committee

- 1. The Board of Directors shall create a permanent Audit and Control Committee, an internal informational and consultative body, without executive*

functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Audit and Control Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors itself and who must be external directors. A majority of the members of the Audit and Control Committee shall be independent and shall be appointed, particularly as regards its chair, taking into account their knowledge and experience in accounting, auditing or risk management. The members of the Audit and Control Committee as a whole must also have pertinent technical knowledge relating to the industry to which the Company belongs. The Audit and Control Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Audit and Control Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.

2. *Directors forming part of the Audit and Control Committee shall hold office for so long as their appointment as directors of the Company remains in effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Audit and Control Committee shall be governed by resolution of the Board of Directors.*

The position of Chair shall be held for a maximum term of four (4) years, after which they may not be re-elected as such until the passage of one (1) year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the Audit and Control Committee.

3. *Without prejudice to any other tasks that may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee shall have the following basic duties:*
 - a) *Report to the shareholders at the General Shareholders' Meeting on the issues raised by the shareholders that are within its purview, and particularly regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Audit and Control Committee has performed in said process.*
 - b) *Monitor the effectiveness of the internal control of the Company and of its Group, as well as the systems for managing risks, including tax risks.*
 - c) *Together with the auditors, but without diminishing the independence thereof, analyse significant weaknesses in the internal control system detected during the audit. For these purposes, it may submit any recommendations or proposals to the Board of Directors and the corresponding follow-up period.*
 - d) *Supervise the process of preparing and presenting regulated financial information and submit recommendations or proposals to the Board of Directors to protect the integrity thereof.*
 - e) *Propose to the Board of Directors, for submission to the shareholders at the General Shareholders' Meeting, the appointment, re-election or replacement of the auditors, taking responsibility for the selection process, in accordance with applicable legal provisions, as well as the*



terms of engagement thereof, and regularly collect information therefrom on the audit plan and the implementation thereof, in addition to preserving its independence in the performance of its duties.

- f) Supervise the internal audit activity of the Company.*
 - g) Establish appropriate relations with the auditors to receive information on those issues that might threaten the independence thereof, for examination by the Audit and Control Committee, and any others related to the audit process and, if applicable, the authorisation of services other than those prohibited under applicable legal provisions, as well as such other communications as are provided for in the laws on auditing and in other auditing rules. In any case, it must annually receive from the auditors written confirmation of their independence from the Company or entities directly or indirectly related thereto, as well as detailed and itemised information on additional services of any kind provided to these entities by the auditors or by persons or entities related thereto, in accordance with legal provisions governing audit activities.*
 - h) On an annual basis, and prior to the audit report, issue a report expressing an opinion as to whether the independence of the auditor is compromised. This report must in all cases and on a reasoned basis make a pronouncement regarding the provision of each and every one of the additional services referred to in the preceding letter, considered individually and as a whole, other than the legal audit, and in relation to the rules on independence or the legal provisions governing audit activities.*
 - i) Provide an advance report to the Board of Directors on all of the matters provided by law, the Company's Bylaws and the Regulations of the Board of Directors, and particularly regarding: (i) the financial information that the Company must periodically publish; (ii) the creation or acquisition of interests in special purpose entities or entities domiciled in territories or countries considered to be tax havens; and (iii) related-party transactions.*
 - j) Any others assigned thereto by the Board of Directors in its corresponding Regulations or in the Regulations of the Audit and Control Committee.*
- 4. The Audit and Control Committee shall ordinarily meet two (2) to four (4) times per year in order to review the periodic financial information to be submitted to the securities authorities, as well as the information that the Board of Directors must approve and include within its annual public documentation. It shall also meet at the request of one third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Audit and Control Committee, and shall adopt its resolutions by an*



absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.

5. *The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Audit and Control Committee.”*

2.4. Amendment of article 65 of the Bylaws (“Appointments and Remuneration Committee”)

Amendment of article 65 (“Appointments and Remuneration Committee”), which shall hereafter read as follows:

“Article 65. Appointments and Remuneration Committee

1. *The Board of Directors shall create a permanent Appointments and Remuneration Committee, an internal informational and consultative body, without executive functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Appointments and Remuneration Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors itself upon a proposal of the Chair of the Board, and who must be external directors. A majority of the members of the Appointments and Remuneration Committee shall be independent directors and shall be appointed while endeavouring to ensure that they have the knowledge, skill and experience appropriate for the duties they are called upon to perform. The Appointments and Remuneration Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Appointments and Remuneration Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.*
2. *Directors forming part of the Appointments and Remuneration Committee shall hold office for so long as their appointment as directors of the Company remains in effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Committee shall be governed by resolution of the Board of Directors.*

The position of Chair shall be held for a maximum period of four (4) years, after which they may not be re-elected as such until the passage of one (1) year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the Committee.
3. *Without prejudice to any other tasks that may be assigned thereto from time to time by the Board of Directors, the Appointments and Remuneration Committee shall have the following basic duties:*
 - (i) *Evaluate the skills, knowledge and experience needed on the Board of Directors. For these purposes, it shall define the functions and skills necessary in the candidates to fill each vacancy and shall evaluate the time and dedication required for them to effectively perform their duties.*
 - (ii) *Establish a goal for representation of the less represented gender on the Board of Directors and prepare guidelines on how to achieve this goal.*

- (iii) Submit to the Board of Directors proposals for the appointment of independent directors on an interim basis or for submission to a decision of the shareholders at a General Shareholders' Meeting, as well as proposals for the re-election or removal of said directors by the shareholders.*
 - (iii) Report on proposals for the appointment of the other directors on an interim basis or for submission to a decision of the shareholders at a General Shareholders' Meeting, as well as proposals for the re-election or removal thereof by the shareholders.*
 - (v) Report on proposals for the appointment and removal of senior officers and the basic terms of their contracts.*
 - (vi) Examine and organise the succession of the chair of the Board of Directors and the chief executive of the Company and, if applicable, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner.*
 - (vii) Propose to the Board of Directors the remuneration policy for directors and general managers or whomsoever performs the duties of senior management reporting directly to the Board, as well as the individual remuneration and other contractual conditions for the executive directors, ensuring compliance therewith.*
- 4. The Appointments and Remuneration Committee shall ordinarily meet two (2) to four (4) times per year in order to review the status of the matters within its purview. It shall also meet at the request of one third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Committee, and shall adopt its resolutions by an absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.*
- 5. The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Appointments and Remuneration Committee."*



ITEM THREE ON THE AGENDA

Re-election of directors

PROPOSED RESOLUTIONS RELATING TO ITEM THREE

3.1. Re-election of Mr Alberto García Erauzkin as executive director for the bylaw-mandated 4-year term

It is hereby resolved, after a report from the Appointments and Remuneration Committee, to re-elect Mr Alberto García Erauzkin as director for the by-law mandated term of four (4) years, with the status of executive director.

Mr García Erauzkin shall accept his re-election by any valid legal means.

3.2. Re-election of Mr José Ángel Corres Abasolo as independent director for the bylaw-mandated 4-year term

It is hereby resolved, after a proposal from the Appointments and Remuneration Committee, to re-elect Mr José Ángel Corres Abasolo as director for the by-law mandated term of four (4) years, with the status of independent director.

Mr Corres shall accept his re-election by any valid legal means.



ITEM FOUR ON THE AGENDA

Appointments of directors

PROPOSED RESOLUTIONS RELATING TO ITEM FOUR

4.1. Appointment of Kartera 1, S.L. as proprietary director (*consejero dominical*) for the bylaw-mandated 4-year term, represented by Ms Alicia Vivanco González

It is hereby resolved, after a report from the Appointments and Remuneration Committee, to re-elect the company Kartera 1, S.L. as director for the by-law mandated term of four (4) years, with the status of proprietary director.

It is also hereby resolved to appoint Ms Alicia Vivanco González as the individual representative of the company Kartera 1, S.L.

Ms Vivanco, in representation of Kartera 1, S.L. and on her own behalf, shall accept the appointment by any valid legal means.

It is stated for the record that the company Kartera 1, S.L. has its registered office at Gran Vía números 30-32, 48009, Bilbao (Biscay), and tax identification number B-48563506. It is registered with the Commercial Registry of Biscay at volume BI-659, book 0, folio 25, sheet BI-5126-A, entry 9.

4.2. Appointment of Ms Elisabetta Castiglioni as independent director for the bylaw-mandated 4-year term

It is hereby resolved, after a proposal from the Appointments and Remuneration Committee, to appoint Ms Elisabetta Castiglioni as director for the by-law mandated term of four (4) years, with the status of independent director.

Ms Castiglioni shall accept her re-election by any valid legal means.

4.3. Appointment of Mr Miguel Ángel Lujua Murga as independent director for the bylaw-mandated 4-year term

It is hereby resolved, after a proposal from the Appointments and Remuneration Committee, to appoint Mr Miguel Ángel Lujua Murga as director for the by-law mandated term of four (4) years, with the status of independent director.

Mr Lujua shall accept his re-election by any valid legal means.

4.4. Appointment of Mr Francisco Manuel Arteche Fernández-Miranda as executive director for the bylaw-mandated 4-year term

It is hereby resolved, after a report from the Appointments and Remuneration Committee, to appoint Mr Francisco Manuel Arteche Fernández-Miranda as director for the by-law mandated term of four (4) years, with the status of executive director.

Mr Arteche shall accept his re-election by any valid legal means.



ITEM FIVE ON THE AGENDA

Re-election of KPMG Auditores, S.L. as auditor of the individual annual accounts of the Company for financial year 2016

PROPOSED RESOLUTION RELATING TO ITEM FIVE

It is hereby resolved to re-elect the company KPMG Auditores, S.L. as auditor of the Company to perform the audit of the individual accounts of Euskaltel for the financial year ending 31 December 2016.

It is also hereby resolved to authorise the Company's Board of Directors, with express powers of substitution, including to its authorized representatives, to determine the remuneration of the auditor in accordance with the financial terms and conditions generally applicable to said audit firm, and particularly to enter into the respective services agreement, on the terms and conditions it deems appropriate, with authority to make such amendments thereto as may be required in accordance with the law applicable at any particular time.

KPMG Auditores, S.L. shall accept its re-election by any valid legal means.

This resolution is adopted at the proposal of the Board of Directors and upon a prior proposal, in turn, of the Audit and Control Committee.

It is stated for the record that KPMG Auditores, S.L. has its registered office at Paseo de la Castellana, 95 – Edificio Torre Europa, C.P. 28046, Madrid (Madrid), and tax identification number B-82498650. It is registered with the Commercial Registry of Madrid at volume 14,972, folio 53, section 8, page M-249,480, and with the Official Auditors' Registry (*Registro Oficial de Auditores de Cuentas*) (ROAC) under number S-0702.



ITEM SIX ON THE AGENDA

Examination and approval of the Remuneration Policy for the directors of Euskaltel for the current financial year 2016 and for financial years 2017 and 2018

PROPOSED RESOLUTION RELATING TO ITEM SIX

It is hereby resolved to approve the Company's Remuneration Policy, which has been made available to the shareholders along with the required report of the Appointments and Remuneration Committee since the call to this General Meeting, as required by Section 529 *novodecies* of the Companies Act.

Said policy shall apply to the remuneration of the Company's directors during this financial year 2016 and financial years 2017 and 2018 unless the shareholders acting at a General Shareholders' Meeting adopt a resolution to modify it during the effective period thereof.



ITEM SEVEN ON THE AGENDA

Approval of the payment of a portion of the remuneration of the executive directors by means of the delivery of shares of the Company

PROPOSED RESOLUTION RELATING TO ITEM SEVEN

Pursuant to the provisions of Section 219 of the Companies Act, the delivery of shares of Euskaltel to the executive directors of the Company within the framework of the incentive and purchase incentive plans or other similar instruments approved by the Company's Board of Directors (the "**Plans**") is hereby approved in accordance with the following basic terms and conditions:

- (a) Beneficiaries: those directors who (i) perform executive duties during the effective period of the Remuneration Policy; and (ii) participate in the Plans.
- (b) Maximum number of shares to be allocated in implementation of the Plans: 180,000 shares.
- (c) Exercise price or system for calculating the exercise price of the share options: not applicable, as it is not provided that the Plans will consist of the grant of options on shares of Euskaltel.
- (d) Value of reference shares: on the date of recognition of rights of the Plan beneficiaries, the Board of Directors shall determine the manner of paying the incentive pursuant to the provisions of the Plans themselves. On the date of payment, the beneficiaries shall receive shares of the Company having a quoted value equal to the value of the incentive on the date of recognition of the rights. For these purposes, the quoted value of the Euskaltel shares to be delivered shall be calculated by reference to the average quoted price of the Euskaltel shares during the 5 trading sessions prior to the date of recognition of rights.
- (e) Term: the effective period of the Remuneration Policy, i.e., this financial year 2016 and financial years 2017 and 2018.
- (f) Delegation of powers: without prejudice to the provisions of item eleven on the Agenda, to delegate to the Board of Directors, as broadly as possible under law, with express powers of substitution, to implement, further develop, formalise, execute and liquidate the plans, adopting any resolutions and signing any public or private documents as are necessary or appropriate for the full effectiveness thereof, including the power to cure, correct, modify or supplement this resolution.

In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- To set the terms and conditions of the Plans to the extent not provided for in this resolution, including, among other things, the instances of early liquidation, and to declare that any conditions to which such early liquidation is subject have been met.
- To formalise and implement the Plans in the manner it deems appropriate, taking all actions necessary for the best implementation thereof.



- To prepare, sign and submit any public or private communications and documents as are necessary or appropriate to any public or private body for the implementation and execution of the Plans.
- To take or make any action, declaration or step with any public or private body, agency or registry in order to obtain any authorisation or verification necessary for the implementation and execution of the Plans.
- If appropriate, to designate the banking institution or institutions that are to provide their services to the Company with respect to the formalisation and administration of the Plans, and to negotiate, agree to and sign the corresponding contracts with the banking institution or institutions so selected, as well as such other contracts or agreements as are appropriate with any other institutions and, if applicable, with the beneficiaries, for the implementation and execution of the Plans, upon the terms and conditions it deems appropriate.
- To assess the level of performance regarding the parameters to which the Plans are linked and proceed with the liquidation thereof, for which purpose it may rely on the advice of an independent expert.
- And generally, to take any actions and execute all such documents as may be necessary or appropriate for the validity, effectiveness, implementation, development, execution, liquidation and successful outcome of the Plans.



ITEM EIGHT ON THE AGENDA

Authorisation to the Board of Directors for the derivative acquisition of own shares by the Company, as provided by law

PROPOSED RESOLUTION RELATING TO ITEM EIGHT

Pursuant to the provisions of Sections 146 and 509 of the Companies Act, it is hereby resolved to expressly authorise the Board of Directors, with express power of substitution, to engage in the derivative acquisition of shares of the Company on the following terms:

- (a) The acquisitions may be made directly by the Company or indirectly through its subsidiaries upon the same terms of this resolution.
- (b) Acquisitions shall be made through purchase/sale, swap or any other transactions allowed by law.
- (c) Acquisitions may be made at any time up to the maximum amount allowed by law.
- (d) Acquisitions may not be made at a price higher than 105% of their quotation on the Exchange at the time of acquisition or less than the par value of the shares.
- (e) This authorisation is granted for a period of five years from the adoption of this resolution.
- (f) The acquisition of shares, including shares previously acquired by the Company or by a person acting in their own name but on the Company's behalf and held thereby, may not have the effect of reducing net assets below the amount of share capital plus reserves restricted by law or the bylaws, all as provided in letter b) of Section 146.1 of the Companies Act.

It is expressly stated for the record that the shares acquired as a result of the authorisation by the shareholders may be sold or cancelled, and may also be used for remuneration of the employees or directors of the Company and for the development or implementation of schemes promoting participation in the capital of the Company, such as dividend reinvestment plans, incentive plans, share purchase incentive plans or other similar instruments, pursuant to the provisions of letter a) of Section 146.1 of the Companies Act.

The authorisation by the shareholders shall also extend to the acquisition of own shares by Euskaltel for the execution of liquidity agreements that have already been signed or that might hereafter be signed by the Company upon the terms allowed by law.



ITEM NINE ON THE AGENDA

Approval of the creation of an *in rem* security interest in Euskaltel's telecommunications network to comply with the current syndicated financing agreement

PROPOSED RESOLUTION RELATING TO ITEM NINE

Pursuant to the provisions of Section 160.f) of the Companies Act and in the report prepared for such purpose by the Board of Directors, the creation of a non-possessory pledge (or, if applicable, any other *in rem* security rights allowed by law) of the telecommunications network of Euskaltel (the “**Security**”) is hereby approved.

As described in said report of the Board of Directors, the Security constitutes one of the possible guarantees to be provided by Euskaltel pursuant to the provisions of the current financing agreement between the Company and a bank syndicate dated 3 June 2015, subsequently amended on 26 June 2015 and 5 October 2015, and finally formalised in a notarial instrument dated 27 November 2015, pursuant to which Euskaltel partially financed the acquisition of R Cable (the “**Financing Agreement**”) and the security undertaking agreement signed along with the Financing Agreement.

It is also hereby resolved to delegate to the Company's Board of Directors, with powers of substitution or to grant powers to any of its members, as well as to the non-member Secretary of the Board of Directors and the non-member Deputy Secretary of the Board of Directors, as broadly as may be required by law, any powers that are necessary or appropriate to create and implement the Security, including the execution of any public or private documents as are necessary for said purpose, recording with any registries that are appropriate, and any other acts or steps as are necessary or appropriate for said purpose.



ITEM TEN ON THE AGENDA

Authorisation to the Board of Directors, with express powers of substitution, for a term of 5 years, to issue non-convertible debentures or bonds, notes and other fixed-income securities of a similar nature that are not convertible into shares of the Company or exchangeable for outstanding shares of the Company, as well as preference shares, with a maximum limit of 300 million euros. Authorisation for the Company to guarantee new issues of securities by subsidiaries up to the foregoing limit.

PROPOSED RESOLUTION RELATING TO ITEM TEN

Pursuant to the provisions of Article 319 of the Regulations of the Commercial Registry and the general rules on the issue of debentures, to delegate to the Board of Directors the power to issue negotiable securities in accordance with the following terms and conditions:

1. Securities covered by the issue

The negotiable securities referred to in this delegation may be non-convertible bonds or debentures, notes and other fixed-income securities of a similar nature, as well as preference shares (the “**Securities**”).

The Securities referred to in this delegation may not be securities convertible into newly-issued shares of the Company or exchangeable for outstanding shares of the Company, nor may they be in the nature of warrants or other securities similar thereto that might give the right to subscribe or acquire shares of the Company.

2. Term of delegation

The issue of the securities covered by the delegation may be effected on one or more occasions for a period of 5 years from the date of approval of this resolution.

3. Maximum amount of the delegation

The maximum total amount of the issue(s) of Securities approved under this delegation shall be 300 million euros or the equivalent thereof in another currency.

4. Scope of delegation

The delegation to issue the Securities shall, as broadly as required by law, cover the determination of the various aspects and conditions of each issue (nominal value, issue premium, repurchase price, currency of the issue, form of representation, interest rate, repayment, subordination clauses, security for the issue, place of issue, law applicable thereto, if any, determination of the internal rules of the bondholders syndicate and appointment of statutory auditor if necessary or equivalent body in the case of issues of non-convertible debentures and bonds, if required, admission to trading, etc.) and the taking of any required steps, including pursuant to applicable securities market rules, for implementation of the specific issues approved under this delegation.

5. Guarantee of securities issues by subsidiaries



The Board of Directors is also authorised to guarantee, on behalf of the Company and within the limits set forth above, new issues of securities carried out by subsidiaries during the effective period of this resolution.

6. Trading of securities issued

The Company may make application for trading of the Securities issued by the Company under this delegation on official or unofficial, organised or other, and domestic or foreign secondary markets, and the Board of Directors shall be authorised as broadly as required by law to carry out all acts and formalities that may be required for admission to listing with the appropriate authorities of the various domestic or foreign securities markets.

7. Power of substitution

For purposes of the provisions of Section 249 *bis* 1) of the Companies Act, the Board of Directors is hereby expressly authorised to further delegate the powers contemplated in this resolution.



ITEM ELEVEN ON THE AGENDA

Delegation of powers to formalise and implement all resolutions adopted by the shareholders at the General Meeting, for conversion thereof into a public instrument, and for the interpretation, correction, and supplementation thereof, further elaboration thereon, and registration thereof, and to make the compulsory filing of accounts

PROPOSED RESOLUTION RELATING TO ITEM ELEVEN

Without prejudice to the delegations already approved by the shareholders acting at the General Meeting, it is hereby resolved on the broadest of terms to delegate to the Board of Directors, with powers of substitution or authorisation to any of its members, to the non-member Secretary of the Board of Directors and to the non-member Deputy Secretary of the Board of Directors, such that any of them, severally and as broadly as required under law, may supplement, implement and further develop, with any technical modifications, all of the foregoing resolutions, correcting any omissions or errors therein, and for the interpretation thereof, jointly and severally giving said persons the power to execute any appropriate public documents containing the resolutions adopted, with the broadest powers to take any actions required with respect to the resolutions approved at this General Meeting, executing the documents required to obtain the registration of said resolutions with the Commercial Registry, and particularly to:

- a) Correct, clarify, specify or complete the resolutions adopted at this General Meeting or those produced in any instruments or documents approved in implementation thereof, and particularly any omissions, defects or errors in form or substance that prevent the access of these resolutions and the consequences hereof to the Commercial Registry, Property Registry, Industrial Property Registry or any others, and particularly to make the compulsory filing of accounts with the Commercial Registry.
- b) To make any announcements, instruments or transactions, contracts or operations as are necessary or appropriate to adopt, and execute the resolutions required for the purposes provided by law to implement the resolutions adopted at this General Meeting, particularly including, among other powers, the power to appear before a Notary to execute or formalise any public or private documents deemed necessary or appropriate for the fullest effectiveness of these resolutions.
- c) To jointly or severally delegate all or part of the powers they deem appropriate that have been expressly granted to them by the shareholders acting at this General Shareholders' Meeting.
- d) To finally determine all other circumstances that may be required, taking any appropriate steps and complying with all requirements under the applicable law to fully implement the resolutions of the shareholders at this General Meeting.



CONSULTATIVE ITEM

ITEM TWELVE ON THE AGENDA

Consultative vote regarding the Company's Annual Director Remuneration Report

PROPOSED RESOLUTION RELATING TO ITEM TWELVE

It is hereby resolved to approve the Annual Director Remuneration Report for financial year 2015 on a consultative basis.



INFORMATIONAL ITEM

ITEM THIRTEEN ON THE AGENDA

Information regarding the amendment of the Regulations of the Board of Directors of the Company in light of certain recommendations of the Good Governance Code of Listed Companies approved by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on 18 February 2015

PROPOSED RESOLUTION RELATING TO ITEM THIRTEEN

Pursuant to the provisions of Section 528 of the Companies Act and Article 3 of the Regulations of the Board of Directors of the Company, it is hereby resolved that the shareholders acting at this General Meeting acknowledge the amendment of certain articles of the Regulations of the Board of Directors in order to conform such text to certain recommendations of the Good Governance Code of Listed Companies approved by the National Securities Market Commission on 18 February 2015.

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