

REGULATIONS OF THE STRATEGY COMMITTEE



PRELIMINARY CHAPTER

Article 1. Nature of the Committee

The Strategy Committee (the “**Committee**” or the “**Strategy Committee**”), set up by the Board of Directors of Euskaltel, S.A. (the “**Company**”) in accordance with the provisions of article 65 bis of the Company’s Articles of Association, is an informative and advisory body, without executive functions, with powers of information, advice and proposal within its scope of operation, which shall be governed by the provisions of the Company’s Articles of Association, the Board Regulations and these Regulations of the Strategy Committee (the “**Regulations**”).

Article 2. Purpose of the Regulations

The purpose of these Regulations is to determine the operating principles of the Committee, as well as the basic rules governing its organization and operation.

Article 3. Approval and modification

1. The Regulations must be approved by agreement of the absolute majority of members of the Board of Directors at its own initiative, that of its Chairman, or one-third (1/3) of the directors. The Regulations shall come into force on the date they are approved.
2. Any modifications must be approved by agreement of the absolute majority of members of the Board of Directors at its own initiative, that of its Chairman, or one-third (1/3) of the directors, and must be subsequently endorsed, where appropriate, by the Board of Directors. The Regulations shall come into force on the date they are endorsed.

CHAPTER I. SCOPE AND FUNCTIONS

Article 4. Sphere of competence

The functions of the Committee shall be exercised by said Committee with regard to the Company as well as the subsidiary companies that form part of its group.

Article 5. Functions of the Committee

The main task of the Committee is to assist, inform and formulate proposals to the Board of Directors in matters assigned to it at any time through the Company’s Articles of Association, the Board Regulations and these Regulations.

Without prejudice to any other duties that may be assigned to it at any time by the Board of Directors and of the functions and powers that are the responsibility of the Audit and Control Committee and of the Appointments and Remuneration Committee, the Strategy Committee shall exercise the following basic functions:

- (i) Evaluate and propose strategies to the Board of Directors for the diversification of the Company’s business, based on its sector of activity, its foreseeable outlook, the applicable legal framework and the resources, capacities and development and growth potential of the Company.

- (ii) Give the Board of Directors the opportunity to undertake new investments, formulating alternatives for investments in assets that will increase the long-term value of the Company.
- (iii) Study and propose recommendations or improvements to the strategic plans that, at any given time, are submitted to the Board of Directors, in light of the Company's competitive position.
- (iv) Every year, issue and submit to the Board of Directors a report containing the proposals, evaluations, studies and works that have been carried out by the Strategy Committee in relation to the foregoing matters.

CHAPTER II. COMPOSITION AND OPERATION

Article 6. Composition

1. The Committee shall comprise a minimum of three (3) and a maximum of seven (7) external directors (viz., proprietary and independent). The majority of Committee members shall be independent directors.
2. Within these limits, the Committee may submit a proposal to the Board of Directors to modify the number of its members, to make it more suitable for efficient operation.

Article 7. Designation

1. The members of the Committee shall be appointed by the Board of Directors, following a proposal from its Chairman, from among the external directors.
2. The Board of Directors shall designate the members of the Committee, seeking to ensure that they have the appropriate knowledge, skills and experience pursuant to the functions they are called upon to perform.

Article 8. Distribution of offices

1. The Committee shall elect a Chairman from among the independent directors who form part of the Committee.
2. The Committee shall also appoint a Secretary, who may be one of its members or the Secretary or Deputy Secretary of the Board of Directors, and, if appropriate, a non-director Deputy Secretary, who may be one of its members or the Deputy Secretary of the Board of Directors, who shall replace the secretary in the event of vacancy, absence, illness or incapacity.

Article 9. Functions of the Secretary

The Secretary shall have the following functions:

- (i) Keep the documentation of the Committee, duly reflecting the developments of Committee sessions in the book of minutes, attesting to the resolutions adopted by the Committee and taking care of the formal and material legality of the Committee's proceedings.
- (ii) Certify the minutes and resolutions adopted by the Committee. Certifications shall be issued and signed by the Secretary of the Committee or, in their absence, by the youngest member of the Committee, with the approval of the Chairman or, in his absence, the oldest member of the Committee.

- (iii) Channel and coordinate, in accordance with the instructions from the Chairman of the Committee, the Committee's dealings with the other bodies, departments or third parties referred to in these Regulations.
- (iv) The remainder of those assigned in these Regulations, as well as those regulated in the Company's Articles of Association and in the Board Regulations.

Article 10. Term

1. Members of the Committee shall be appointed for a maximum term of four (4) years, and may be re-elected one or more times for equal maximum terms.
2. The post of Chairman of the Committee shall be exercised for a maximum of four (4) years, at the end of which the director elected to the post cannot be re-elected as Chairman until one (1) year after he has ceased to hold office, without prejudice to continuing as a member of the Committee.
3. The post of Secretary of the Committee shall be exercised for a maximum of four (4) years, and the person in this post may be re-elected one or more times for equal maximum terms.

Article 11. Removals from office

Members of the Committee shall step down from their positions:

- (i) When they lose their status as directors of the Company.
- (ii) When they lose their status as external directors of the Company.
- (iii) Through a resolution of the Board of Directors.
- (iv) If the director decides not to sit on the Committee.

The Secretary of the Committee, in the event of a Secretary or Deputy Secretary that is not a member of the Board of Directors, shall cease to hold office when they lose their status as Secretary or Deputy Secretary of the Board of Directors.

Article 12. Sessions

1. The Committee shall meet from two (2) to four (4) times a year for the regular review and evaluation of the status of matters that fall within its terms of reference, and whenever it is convened by its Chairman or requested by one third (1/3) of its members as appropriate for the proper performance of its functions.
2. In any case, the Chairman shall call the Committee whenever the Board of Directors or the Chairman of the Board requests the issuance of a report or the adoption of proposals or when requested by one third of the Committee members.

Article 13. Call to session

1. The call to the Committee shall be sent by letter, fax, telephone or e-mail sent by the Chairman or the Secretary on the orders of the Chairman.
2. Except for sessions of an urgent nature, the call to meeting shall be sent out at least five (5) business days beforehand. The call to meeting shall always include the agenda of the

session and shall be accompanied by the relevant information, duly summarised and prepared.

3. The call to the Meeting of the Committee shall not be required when, with all members present, they unanimously agree to hold the meeting.
4. Meetings of the Committee shall be subject to application of the provisions set out in the Company's Articles of Association and in the Board Regulations with regard to the possibility of convening extraordinary sessions and the holding of written ballots without the need for a session.

Article 14. Constitution

1. The Committee shall meet at the registered office or at the venue indicated in the call to meeting.
2. The Committee shall be quorate when more than half of the members are either present or represented at the meeting. The absences that become apparent once the Committee has been constituted shall not affect the validity of its meeting.
3. Meetings of the Committee may also be held by videoconference or telephone conference call, and the meeting of the Committee shall be considered to be held at the main venue shown in the call to meeting. In the absence of this indication, it shall be understood that it is the venue where the director presiding over the meeting is located.
4. Any member of the Committee may confer their representation in writing to another member on a special basis for each meeting, reporting this using any of the means described in the first paragraph of the preceding article, to the Chairman or Secretary of the Committee.
5. The Chairman shall oversee the discussion, give the floor to speakers and finalise the speeches when he understands that a matter is sufficiently debated. Voting will be through a show of hands.
6. If the Chairman is absent, ill or unable to attend, the session shall be chaired by the longest serving member of the Committee and, if there are two or more with the same length of service, by the eldest member. If the Secretary is absent, ill or unable to attend, the post of secretary shall be taken by the shortest serving member and if there are two or more with the same length of service, by the youngest member.

Article 15. Resolutions

1. Resolutions shall be adopted by an absolute majority of votes cast by members attending the meeting. In the case of a tied vote, the Chairman shall have the deciding vote.
2. The deliberations and resolutions shall be placed on record in the minutes signed by the Chairman and the Secretary or by whoever is serving in this capacity. The minutes shall be approved by the Committee at the end of the meeting or at the beginning of the next one.

Article 16. Conflict of interest

When the items to be dealt with at Committee meetings directly affect any of its members or persons related to it and, in general, where such member is in a situation of conflict of interest, he or she shall remain absent from the meeting until such time as the decision is taken, and they shall be discounted from the number of Committee members for the purpose of calculating the quorum and majorities with regard to the matter in question.

Article 17. Attendance

1. At the request of the Chairman or any two (2) members of the Committee, any member of the Board of Directors, executive or employee of the Company or of the group shall be entitled to attend the meetings. This also extends to any member of the management of investee companies whose appointment has been proposed by the Company, provided that there is no legal impediment thereto.
2. The Committee may request the presence of the external auditor at its meetings at any time.

CHAPTER III. RELATIONS OF THE STRATEGY COMMITTEE

Article 18. Relations with the General Shareholders Meeting

1. The Committee is obliged to report to the General Shareholders Meeting on issues raised by shareholders with respect to matters within its terms of reference.
2. In implementing the provisions set out in the previous paragraph, the Committee shall prepare an annual report on its activities which, once approved by the Board of Directors, shall be made available to the shareholders on the occasion of calling the Ordinary General Shareholders Meeting.

Article 19. Relations with the Board of Directors

1. The Chairman of the Committee shall report to the Board of Directors at its first session held after each of the Committee meetings.
2. Any director may request, through the Secretary of the Board of Directors, access to any type of information or documentation available to the Committee for the performance of its duties.

Article 20. Relations with management of the Company and of its group.

1. The Committee, through its Chairman, may collect information and require the collaboration of any executive or employee of the Company and its group. Accordingly, the executives or employees of the Company shall be obliged to attend the Committee's meetings and furnish their cooperation and access to the information at their disposal upon request.
2. In any case, the Chairman of the Committee shall notify the Chairman of the Board of Directors and the CEO of the Company, if there is one, of the requirements for attendance at the Committee.

CHAPTER IV. POWERS OF THE COMMITTEE, ADVICE AND DUTIES OF ITS MEMBERS

Article 21. Powers

The Committee may freely access, through the Secretary of the Board of Directors, any kind of information or documentation that the Company has and which concerns issues for which the Committee is responsible and deems necessary for compliance with its duties.

Article 22. Advisory services

1. In order to be assisted in the performance of its duties, the Committee may request the procurement of legal, accounting or financial consultants or other expert advisors, which shall be paid for by the Company.
2. The assignment must deal with specific issues of certain significance and complexity arising during the performance of the position.
3. The request for assistance shall be made to the Chairman of the Board of Directors of the Company, who may oppose it if he considers:
 - (i) that it is not necessary for the proper performance of the duties entrusted to the Committee.
 - (ii) that the cost thereof is not reasonable in light of the significance of the problem and of the assets and income of the Company;
 - (iii) that the technical assistance sought may be adequately provided by the Company's own experts and technical personnel; or
 - (iv) that it may entail a risk to the confidentiality of the information to be handled.

Article 23. Duties of the Committee members

1. The Committee members must act with independence of judgement and action with regard to the rest of the organization and carry out their work with the utmost professional diligence and competence.
2. In their capacity as Committee members, they shall be subject to all the duties of the director provided for in the Board Regulations, insofar as they apply to the functions performed by the Committee.

CHAPTER V. COMPLIANCE, DISSEMINATION AND INTERPRETATION

Article 24. Compliance and dissemination

1. The Committee members, as well as the other members of the Board of Directors with regard to what concerns them, have an obligation to know and to comply with these Regulations.
2. The Secretary of the Board of Directors shall provide a copy of these Regulations to all directors.

3. In addition, the Committee shall be responsible for ensuring compliance with the Regulations and for taking appropriate measures to ensure that they are disseminated to the rest of the organization.

Article 25. Interpretation

1. The Regulations shall be interpreted pursuant to the legal standards in force at any given time, the provisions set out in these Articles of Association and the Board Regulations that apply, as well as the good governance principles and recommendations drawn up at the request of the regulatory authorities.
2. Any doubt or discrepancy regarding the interpretation of these Regulations shall be resolved by a majority on the Committee and, failing that, by the Chairman, assisted by such persons as the Board of Directors may appoint for that purpose. The Board of Directors must be informed of the interpretation and resolution of doubts or discrepancies.
3. In the absence of a specific rule, the provisions of the Board Regulations shall apply to the Committee, to the extent that they are not incompatible with regard to its operation and, in particular, with regard to calls to meetings, the delegation of a proxy in favour of another director, the constitution, meetings not convened, the holding of the meeting and the system for adopting resolutions, written ballots and without the need for a session, and approval of the minutes of the meetings.
4. The Law, the Company's Articles of Association and the Board Regulations shall take priority in the event of any contradiction with the provisions set out in the Regulations.

Article 26. Calculation of deadlines

For the purposes of these Regulations, every day of the calendar year shall be calculated as a business day, except for Saturdays and Sundays and any public holidays in the city of Bilbao.