

# **REGULATIONS OF THE GENERAL MEETING OF SHAREHOLDERS OF EUSKALTEL, S.A.**





## **TITLE I.-INTRODUCTION**

### **Article 1-Object of the Regulations**

These Regulations are intended to regulate the call, preparation and development of the General Meeting of Shareholders, the information concerning the Meeting and attendance at its meetings, as well as the exercise of the shareholders' voting rights, all pursuant to the provisions in existing legislation and the Company Articles of Association.

### **Article 2-Interpretation and dissemination**

1. These Regulations complete the regulatory regime applicable to the General Meeting of Shareholders established in the legislation and the Company Articles of Association. They shall be construed in accordance with the legal regulations and the Articles of Association that are applicable and with the principles and recommendations on the corporate governance of listed companies approved or issued by the Spanish authorities and countries in its setting in force at any time, or by special commissions or working groups established under the mandate of the above-mentioned authorities.
2. The Company's Board of Directors shall take appropriate measures so that these Regulations are disseminated among shareholders and the investing public in general. In particular, the existing text of the Regulations will be communicated to the National Stock Market Commission, together with a copy of the document containing them, and registration in the Companies Register and will be available on the corporate website of the Company and on the website of the National Stock Market Commission in accordance with the provisions in the current regulations and in these Regulations.

## **TITLE II.-THE GENERAL MEETING: CLASSES AND COMPETENCES**

### **Article 3.-The General Meeting of Shareholders**

1. The General Meeting of Shareholders is the Company's highest decision and control body on matters within its competence, through which the shareholders' right is articulated to intervene in the Company's essential decision-making.
2. The General Meeting of the Shareholders duly called and constituted, will represent all shareholders and all of them will be subject to its decisions, in relation to matters of its competence, even dissidents and those absent from the meeting, without prejudice to the rights of challenge set out in the Act and in the Company's Articles of Association.
3. The Company shall, at all times, ensure equal treatment for all shareholders who are in identical conditions in terms of information, participation and exercise of the right to vote at the General Meeting of Shareholders.

### **Article 4.-Types of Meetings**

1. The General Meetings of Shareholders may be ordinary or extraordinary.
2. The ordinary General Meeting of Shareholders will necessarily meet within six (6) months of each fiscal year, in order to approve the company management, approve, if applicable,

the accounts from the previous financial year and to decide on the application of the result, without prejudice to its competence to deal with and decide on any other matter appearing on the agenda.

3. Any General Meeting of Shareholders that is not provided for in the preceding paragraph shall be considered an extraordinary General Meeting of Shareholders and will meet whenever it is called by the Board of Directors on its own initiative or by virtue of the application of shareholders who are holders of at least three percent (3%) of the share capital expressing in the request the issues to be addressed at the General Meeting.
4. Provided that all of the shareholders of the Company are present, they may decide unanimously to constitute themselves as a universal Meeting to deal with any issue.

#### **Article 5.-Competences of the General Meeting of Shareholders**

The General Meeting of Shareholders is competent to decide on all matters that have been assigned to it by the law or the Articles of Association. In addition, also to be submitted to the approval or ratification of the General Meeting of Shareholders, in accordance with existing laws, are those decisions which, whatever their legal nature, involve an essential modification of the Company's activity. In particular, and merely by way of example, the General Meeting of Shareholders is responsible for:

- (i) Approving the company management.
- (ii) Approving, where appropriate, the individual and consolidated annual accounts and decide on the application of the result.
- (iii) Appointing and dismissing the members of the Board of Directors, as well as ratifying or revoking the appointments of the members of the Board of Directors carried out by co-optation.
- (iv) Where appropriate, appointing the liquidators of the company.
- (v) Appointing and dismissing the Company's account auditors.
- (vi) Agreeing on the increase and reduction of the share capital, as well as the delegation to the Board of Directors of the power to increase the share capital and to agree on the abolition or limitation of the shareholders' right of pre-emption.
- (vii) Agreeing to issue bonds and other securities, as well as the delegation to the Board of Directors of the power to issue them and agree to the suppression or limitation of the shareholders' right of pre-emption within the framework of these issues.
- (viii) Agreeing the transformation, merger, split or the global transfer of assets and liabilities of the Company, transfer of the registered office abroad and, in general, any amendment to the Articles of Association, in accordance with the provisions of the regulations in force at all times.
- (ix) Agreeing the dissolution and liquidation of the company and approve operations whose effect is equivalent to the liquidation of the company.



- (x) approving operations involving a structural modification of the society and, in particular, the following: (i) the transformation of listed companies into *holding* companies, by means of the "subsidiarization" or incorporating into subsidiaries of essential activities performed to date by the Company itself, even if it maintains full ownership over them; and (ii) the acquisition, disposal, or contribution to another company of essential operational assets, in accordance with the presumption contained in article 160 of the Capital Companies Act.
- (xi) Adopting the directors' remuneration policy under the terms established by law.
- (xii) Authorizing the waiver to members of the Board of Directors of the duty to avoid situations of conflict of interest, in accordance with that established in the applicable legislation.
- (xiii) Authorizing the derivative acquisition of Treasury shares.
- (xiv) Approving these Regulations and their subsequent amendments.
- (xv) Deciding on matters submitted for its deliberation and approval by the Board of Directors of the Company.

### **TITLE III.-CALL AND PREPARATION OF THE GENERAL MEETING**

#### **Article 6.-Call of the General Meeting of Shareholders**

1. Without prejudice to the provisions of the regulations applicable to corporations regarding the universal General Meeting of Shareholders and the judicial call for the General Meeting of Shareholders, the Company's General Meetings of Shareholders shall be called by the Board of Directors.
2. The body of administration must call the ordinary General Meeting of Shareholders within the first six (6) months of each financial year. The ordinary General Meeting of Shareholders shall be valid even if it has been called or takes place after the deadline. Also, the Board of Directors shall call the extraordinary General Meeting of Shareholders whenever deemed appropriate in the company interests.
3. The body of administration shall, in addition, call the General Meeting of Shareholders on request from shareholders who are owners of, at least, three percent (3%) of the share capital, expressing in the request the issues to be addressed in the General Meeting of Shareholders. In this case, Meeting must be called to be held within the period provided for by the applicable legislation. Also the Board of Directors shall include on the agenda the topic or topics have been the subject of the request.
4. If the ordinary General Meeting of Shareholders is not called within the legal time limit indicated in this article, it can be called, at the request of the shareholders, and after hearing of members of the Board of Directors, by the Commercial Judge corresponding to the Company's registered office, who will also appoint the person who shall preside over the General Meeting of Shareholders. That same call will have to be made with respect to the extraordinary General Meeting of Shareholders, when requested to do so by the number of shareholders referred to in the preceding paragraph.

## **Article 7.-Call announcement**

1. The call, for the extraordinary and ordinary General Meetings will be made by notice published in the Official Gazette of the Companies Register or in one of the newspapers with the largest circulation in Spain, on the website of the society and on the website of the National Stock Market Commission, at least one (1) month before the date fixed for the meeting (without prejudice to the provisions of paragraph 2 below of this article and the circumstances in which the Act may provide a longer notice period).
2. When the company offers the shareholders the effective possibility of voting by electronic means accessible to all of them, the Company's extraordinary General Meetings may be called with a minimum fifteen (15) days in advance.

The reduction of the call period shall require an express agreement adopted in the ordinary General Meeting by at least two-thirds (2/3) of the capital entitled to vote and whose validity may not exceed the date of the next meeting to be held.

3. The call notice shall express the ordinary or extraordinary character, the name of the company, the day, place and time for holding the General Meeting of Shareholders, the agenda which shall contain all matters to be treated, the date when, if appropriate, the General Meeting of Shareholders will meet on second call, with there being at least a period of twenty-four (24) hours between them, as well as any other information that is required by the applicable legislation at any time and, in particular, required by article 517 of the consolidated Capital Companies Act. To the extent possible, it shall draw attention to shareholders about whether it is more likely that the General Meeting of Shareholders will be held on first or second call.
4. The announcement will also include a mention of the shareholders' right to be represented at the General Meeting of Shareholders by another person, even though they are not shareholder, and the requirements and procedures for exercising this right, as well as the shareholders' right to information and how to exercise it.
5. The Board of Directors shall include in the calls mention of the specific means of distance communication that the shareholders can use to exercise or delegate the voting, as well as the basic indications that should be followed to make it.
6. Shareholders representing at least three percent (3%) of the share capital may request that a supplement is published to the call for an ordinary General Meeting of Shareholders, including one or more points on the agenda, provided that the new points are accompanied by a justification or a justified proposal for agreement. The exercise of this right shall be made by irrefutable notification received at the registered office within five (5) days following the publication of the call. The complement of the call must be published, as a minimum, fifteen (15) days prior to the date set for the meeting of the General meeting.

1. In addition, shareholders representing at least three percent (3%) of the share capital may, in the same period stipulated in the preceding paragraph, present justified proposals for agreement on issues already included or which must be included on the agenda for a General Meeting of Shareholders already called. Said justified agreement proposals will be published on the website of the society, under the terms established by the regulations applicable to the Company.
2. When any shareholder has exercised the right to complete the agenda or to present new proposals for agreement, the Company:
  - (i) shall immediately disseminate such complementary points and new proposals for agreement; and
  - (ii) shall publish the model attendance card or delegation of vote or distance vote form with the modifications necessary so that the new points on the agenda and alternative proposals can be voted under the same terms as those proposed by the Board of Directors.
9. The body of administration may require the presence of a notary to attend the celebration of the General Meeting of Shareholders and to prepare the minutes of the meeting. It must do so under the circumstances provided for in the regulations.
10. If the General Meeting of Shareholders duly called, is not held on first call, and the date of the second is not set out in the call, it must be announced, with the same agenda and with the same publicity requirements as the first, within fifteen (15) days following the date of the General meeting not held and at least ten (10) days prior to the date of the meeting.

**Article 8.-Availability of information from the date of the call on the Company web site**

1. In addition to that required by legal provision, the Articles of Association and the provisions of these Regulations, from the date of publication of the call for the General Meeting of Shareholders, the Company will publish on its website the full text of the proposed agreement in relation to the points on the agenda, the reports that are required or determined by the body of administration as well as the ground agreement proposals on matters already included or to be included on the agenda of the General Meeting of Shareholders which may be presented by the, shareholders under the terms set forth in the applicable legislation.
2. In addition, from the date of the call announcement, the information deemed useful or desirable to facilitate the assistance and participation of shareholders in the General Meeting of Shareholders, including, where appropriate and by way of example the following, shall be incorporated into Company website:
  - (i) Procedure for the obtaining of the attendance card.
  - (ii) Instructions for exercising or delegating the distance vote using the method which, where appropriate, has been provided in the call announcement.

- (iii) Information on the place where the General Meeting of Shareholders will be held and how to reach and access to it.
- (iv) Information, where appropriate, on systems or procedures that facilitate monitoring of the General Meeting of Shareholders.
- (v) Information about the way in which the shareholder may exercise their right to information.
- (vi) In the event that the General Meeting of Shareholders has to deliberate on the appointment or ratification of directors, from the date of publication of the announcement for its call, the following up-to-date information will also be published on the Company website:
  - a) Biographical and professional profile.
  - b) Other Boards of Directors of relevance to which they belong, whether listed companies or not.
  - c) Indication of the category of director to which they belong, pointing out, in the case of proprietary directors, the shareholder they represent or to whom they are linked.
  - d) Date of their first appointment as director of the Company, as well as the subsequent appointments.
  - e) Shares and options on shares in the Company which they hold.
  - f) Supporting statement from the Board of Directors which assesses the competence, experience and merits of the proposed candidate and, where appropriate, report of the Appointments and Remuneration Committee.
- (vii) The complement to the call for the General Meeting of Shareholders, where applicable.

#### **Article 9-Right to information prior to the holding of the General Meeting of Shareholders**

1. From the day of publication of the call for the General Meeting of Shareholders and until the fifth day before that provided for the holding of the General Meeting of Shareholders, inclusive, the shareholders may request from the Board of Directors on the matters included in the agenda, the information or clarifications that they consider accurate, or ask written questions that they deem relevant.
2. In addition, with the same notice and form, the shareholders may request information or clarifications or questions in writing about the information made accessible to the public that has been provided by the company to the National Stock Market Commission since the last General Meeting of Shareholders. The Board of Directors shall be required to provide the written information requested until the day of the holding of the General Meeting of Shareholders.

1. The requests for information can be made through the delivery of the petition at the registered office or by sending it to the Company by postal mail or other means of distance communication that are specified in the respective call notice. Accepted as such will be those requests where the document under which the information is requested incorporate mechanisms which, under an agreement adopted to the effect previously and duly published, the Board of Directors considers that they meet the appropriate guarantees of authenticity and identification of the shareholder who exercises their right to information.
2. Whatever the means used for the issuance of requests for information, the request of the shareholder must include their full name, proving the shares which they own, in order for this information to be compared with the list of the shareholders and the number of shares in their name provided by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) or corresponding entity, to the General Meeting of Shareholders concerned. It will correspond to the shareholder to prove the sending of the request to the Company on time and in due manner. The web site of the Company will detail relevant explanations for the exercise of the right of information of the shareholder, under the terms laid down in the applicable legislation.
3. The requests for information covered in this article will be replied to, once proven the identity and status as shareholder of the applicant, prior to the General Meeting of Shareholders.
4. The administrators are required to provide the information in writing, until the day of the General Meeting of Shareholders, except in cases where:
  - (i) the information is unnecessary for the protection of the rights of the shareholder, or there are objective reasons to consider that it could be used for purposes not relating to the Company or their publication could would harm Company or related companies, or because it is information whose disclosure is prohibited by a confidentiality undertaking assumed by the Company;
  - (ii) the request for information or clarification does not refer to matters included on the agenda or to information accessible to the public that has been provided by the Company to the National Stock Market Commission since the last General Meeting of Shareholders;
  - (iii) the request for information or requested clarification is considered abusive, understood as related to information that (i) has been or is subject to any judicial or administrative sanctioning proceedings, (ii) is protected by the commercial or industrial secret or industrial or intellectual property, (iii) affects the confidentiality of data or records of a personal nature;
  - (iv) the information requested is clearly and directly available to all shareholders on the website of the Company under the "question-answer" format; o
  - (v) due to legal or regulatory provisions or court rulings.

7. However, for the exception indicated in paragraph (i) above, the refusal to provide information will not proceed when the request is supported by shareholders representing at least a quarter (1/4) of the share capital.
8. The Board of Directors may authorize any of its members, the Chairpersons of its committees or its Secretary or Vice-Secretary, so that, on behalf of the Board, they respond to requests for information made by the shareholders.
9. The medium to provide the information requested by shareholders will be the same which the one used for the request, unless the shareholder states for the purpose another different from those declared suitable according to the provisions in this article. In any case, administrators can issue the information in question through certified mail with acknowledgement of receipt or registered fax.
10. The Company's website will include both valid requests for information, clarifications or questions, as well as the answers provided in writing by the administrators under the terms laid down in the applicable legislation.

#### **Article 10.-Electronic shareholders Forum**

1. From the call and until the conclusion of each General Meeting of Shareholders the electronic forum for shareholders will be enabled on the Company website (hereinafter, the "**Forum**"), which will be accessible with appropriate safeguards both for the individual shareholders and the voluntary associations that may be constituted under the legal provisions, in order to facilitate their communication prior to each General Meeting of Shareholders. The Forum can publish proposals seeking to present complements to the agenda announced in the call, requests for adherence to such proposals, initiatives to achieve sufficient percentage to exercise a minority right provided for in the law, as well as offers or requests for voluntary representation.
2. The Board of Directors, in accordance with the applicable legislation, shall approve the relevant rules for operation of the Forum, determining, among others, the procedure, deadlines and other conditions of access and use by the Company shareholders and of the voluntary associations which might be constituted pursuant to the regulations in force.

### **TITLE IV.-HOLDING THE GENERAL MEETING**

#### **Section I: Attendance and representation**

#### **Article 11-Right to attend**

1. Shareholders are entitled to attend the General Meeting of Shareholders whatever the number of shares that they hold provided that they are registered in their name in the corresponding register of book-entry registration, at least five (5) days prior to the day on which the General Meeting of Shareholders is held. When shareholders exercise their right to vote using means of distance communication this condition must also be fulfilled at the time of issue.

2. Additionally, it will be a requirement to attend the General Meeting of Shareholders that shareholder will provide the appropriate attendance card, the certificate issued by the entity responsible for the registration of book-entry registration, corresponding in each case or the document which, pursuant to law, proves that they are a shareholder.

Attendance cards will be nominative and will be issued, at the request of the Company, either directly by it, or through the entities responsible for the accounting records, and can be used by shareholders as document to grant representation for the General Meeting of Shareholders in question.

To this end, the Company can propose to such entities the format of the attendance card to be issued in favour of the shareholders, ensuring that cards issued by such entities are uniform and incorporating a barcode or another system that allows their e-reading to facilitate the computer calculation of those attending the meeting as well as the formula for said document in order to delegate representation at the meeting.

3. Those shareholders who attend the venue of the General Meeting of Shareholders on the date fixed for it, personally, or through their representative, shall present their attendance card as provided for in these Regulations.
4. In addition, those shareholders who wish to vote by means of distance communication must prove their identity and status as shareholder in such form as the Board of Directors has determined in the notice of call.

#### **Article 12.-The presence of third parties at the General Meeting of Shareholders**

1. The members of the Company's body of administration shall attend general meetings that are held, but the fact that any of them do not attend for any reason will not prevent under any circumstances the valid constitution of the General Meeting of Shareholders.
2. The Chairperson of the General Meeting of Shareholders may authorize the attendance of executives, managers and technicians of the Company, as well as other persons which, in its view, have an interest in the smooth running of company affairs.
3. In order to promote the wider dissemination of the development of its meetings and the agreements adopted, the Chairperson may facilitate access to the General Meeting of Shareholders to the media and financial analysts.
4. Also able to attend the General Meeting of Shareholders are all those to whom the Chairperson of the General Meeting of Shareholders has made the timely invitation.
5. Notwithstanding the provisions of the preceding paragraphs, the General Meeting of Shareholders may revoke authorisations issued by the Chairperson to third parties to attend the meeting.

#### **Article 13.-Representation**

1. Without prejudice to the attendance of the legal entity shareholders through the person with power of representation, every shareholder having the right

to attend may be represented at the General Meeting of Shareholders by means of any person, whether they are a Company shareholder or not.

1. The representation is always revocable and the personal attendance of the represented party at the General Meeting of Shareholders will under all circumstance revoke the representation. As a general rule, and provided that the certainty of the date can be demonstrated, by the last action performed by the shareholder before the holding of the General Meeting of Shareholders shall be valid. When there is no such certainty, the shareholder's vote will prevail over the delegation.
2. The representation must conferred specially for each General Meeting of Shareholders in writing or by means of distance communication that are specified in the respective call notice. The representation granted by these means will be accepted when the document in which it is conferred incorporates mechanisms which, under the aegis of an agreement adopted to the effect previously and duly published, the Board of Directors considers meet the appropriate guarantees of authenticity and identification of the shareholder conferring their representation will be admitted.
3. To be valid, the representation conferred by means of distance communication which, if applicable, has been envisaged by the body of administration must be received by the Company before twenty-four (24) hours prior to the scheduled day for the holding of the General Meeting of Shareholders on first call. The Board of Directors may establish a shorter time period in accordance with the provisions of the Company Articles of Association.
4. In addition, documents showing the representations to the General Meeting of Shareholders shall include at least the following indications:
  - (i) The date of the General Meeting of Shareholders and the agenda.
  - (ii) the identity of the represented party and the representative.
  - (iii) the number of shares held by the shareholder granting representation.
  - (iv) voting instructions from the shareholders granting the representation on each of the points on the agenda.
6. The Chairperson of the General Meeting of Shareholders or individuals designated through their mediation shall be empowered to determine the validity of the conferred representation and compliance with the requirements of attendance at the General Meeting of Shareholders.
7. If representation has been validly given in accordance with the regulations in force and these Regulations but does not include instructions for the exercise of the vote or raises doubts about the recipient or the scope of representation, it will be considered that (i) the delegation is made in favour of the Chairperson of the Board of Directors, (ii) refers to all the points on the agenda of the General Meeting of Shareholders (iii) pronounces in favour of voting in favour of all the proposals made by the Board of Directors, and (iv) also extends to points that may arise which are not on the agenda, in relation to which the representative will refrain from voting, unless it has

elements of judgment to consider more favourable to the interests of the represented party to exercise the vote for or against these proposals.

8. Except express indication and with precise instructions from the represented party to the contrary, in the event that the representative is in a situation of conflict of interest, it will be considered that the represented party has also appointed as representatives, jointly and severally, the Chairperson of the General Meeting of Shareholders and, if they are in a situation of conflict of interest, the Secretary of the General Meeting of Shareholders and, if they are also in a situation of conflict of interest, the Vice-Secretary of the Board of Directors, if one has been appointed.

#### **Article 14.-Public request for representation**

1. In cases in which the administrators of the Company, the securities depository institutions or those in charge of book-entry registration request representation for themselves or for another, and, in general, provided that the request is formulated publicly, the rules shall apply contained in the regulations applicable to corporations. In particular, the document indicating the representation shall contain, in addition to the mentions provided for in article 13 above, the indication of how that the representative would vote should precise instructions not be given, subject in all cases to the provisions in the current regulations.
2. It will be considered that there has been a public request for representation when one person holds the representation of more than three (3) shareholders.

#### **Article 15.-Representation via financial intermediaries**

1. The entities that appear with standing as shareholders under the accounting register of the shares but who on behalf of several persons, may in any case split the vote and exercise it in different ways in accordance with the different voting instructions, if they have been received
2. The intermediary institution may delegate the voting rights to a third party designated by the client, without it being able to limit the number of delegations granted by the same financial intermediary.

#### **Article 16.-planning, media and venue of the General Meeting of Shareholders**

1. The body of administration may decide, in the circumstances, the use of media or systems that facilitate a greater and better monitoring of the General Meeting of Shareholders or a wider dissemination of its development.
2. In particular, the body of administration may:
  - (i) ensure simultaneous translation mechanisms;
  - (ii) establish measures to control access, monitoring, protection and security that are appropriate; and
  - (iii) measures to facilitate the access by disabled shareholders to the room where the General Meeting of Shareholders is held.

3. In the room or rooms where the General Meeting of Shareholders is held, attendees may not use equipment for photography, video, recording, like mobile phones, except to the extent allowed by the Chairperson of the General Meeting of Shareholders. On access to the room or rooms the General Meeting of Shareholders is held control mechanisms may be established that will facilitate the fulfilment of this provision.
4. The development of the General Meeting of Shareholders may be subject to audiovisual recording, if so determined by the Chairperson of the General Meeting of Shareholders. It may also be storage and simultaneously or in deferred rebroadcast by any means, among others, through Internet, and dissemination through the web site of the company. Access to the holding of the venue of the General Meeting of shareholder supposes the consent of shareholders or their representatives for the acquisition (including the voice) and the treatment of their personal data. The owner of the data shall have right of access, rectification, opposition or cancellation of the data collected by the Company, under the terms legally established, by writing to the company, at its registered office, to the attention of General Secretariat.
3. The General Meeting of Shareholders is held in the place indicating in the call within the municipality of the registered office or the municipality of Bilbao. If in the announcement the venue is not mentioned, it means that the General Meeting of Shareholders will be held at the registered address of the Company.

## **Section II: Constitution of the General Meeting of Shareholders**

### **Article 17.-Constitution of the General Meeting of Shareholders. Special cases**

1. The General Meeting of Shareholders shall be validly constituted, at first call, when the shareholders, present or represented, hold at least twenty five percent (25%) of the capital with voting rights. The Constitution Second will be valid on second call whatever the capital concurrent.
2. In order for the General Meeting of Shareholders, ordinary or extraordinary, to be able to validly agree the issue of bonds, suppression or limitation of the rights of subscription of new shares, as well as transformation, merger, split or transfer of assets and liabilities, dissolution and liquidation of the company, the transfer of domicile abroad and in general , any modification of the articles of the company, it will be necessary on first call for the attendance of shareholders, present or represented, holding at least fifty percent (50%) of the capital with voting rights. Second call will be sufficient with attendance of twenty five percent (25%) of the capital. When shareholders representing less than fifty (50%) percent of the subscribed capital with right to vote attend, the agreements referred to in this paragraph, and that are not related to Relevant Decisions of the General Meeting of Shareholders (as these are defined in the Company Articles of Association) may only be validly adopted with the favourable vote of two thirds (2/3) of the capital entitled to vote present or represented at

the General Meeting of Shareholders. In any case, in order for the General Meeting of Shareholders, ordinary or extraordinary, to be able to validly adopt agreements related to a matter that is a Relevant Decision, the vote will be necessary which is stated in article 37.2 of the Company Articles of Association.

3. Absences that occur once the General Meeting of Shareholders is constituted shall not affect the validity of its conclusion.
4. If in order to validly adopt an agreement regarding one or several of the points on the agenda of the General Meeting of Shareholders it is necessary, in accordance with applicable law or the Articles of Association, the attendance of a certain percentage of the share capital and this percentage is not reached on the first call, the General Meeting of Shareholders will take place on second call, and if this does not reach the necessary quorum for the adoption of such agreements, the General Meeting of Shareholders shall be limited, on this second call, to discussion of those points on the agenda that do not require the attendance of that percentage of the capital in order to validly adopt agreements.
5. The provisions of this article shall be considered without prejudice to the reinforced constitution or voting majorities that may be established in the legislation or the Articles of Association.

#### **Article 18.-Committee of the General Meeting of Shareholders**

1. The committee of the General Meeting of Shareholders will be made up of its Chairperson and its Secretary and members of the Board of Directors of the Company.
2. The General Meeting of Shareholders shall be presided over by the Chairperson of the Board of directors or, in his/her absence, by the Vice-Chairperson; If there are several Vice Chairpersons, it will be according to the order established by the Board of Directors for its designation; and, in the absence of the Chairperson and Vice-Chairperson by the member of the Board of Directors designated by the shareholders.
3. The Chairperson will be assisted by a Secretary, a Vice-Secretary, or both. The Secretary of the General Meeting of Shareholders shall be the Secretary of the Board of Directors and, in the case that he/she does not attend personally, the Vice-Secretary. In their absence, the person chosen by those attending shall act as Secretary, who does not have to be a shareholder, in which case they can speak but not vote.
4. The Chairperson, even when he/she is present at the meeting, may entrust the chairing of the debate to the Secretary or the member of the Board of Directors that he/she deems appropriate. Also the Chairperson can allow attendance, if desired, by any expert that is suitable.

#### **Article 19.-Ordering of the General Meeting of Shareholders**

Without prejudice to the provisions in the Company Articles of Association, it corresponds to the Chairperson to declare the General Meeting of Shareholders duly constituted, direct and establish the order of discussions and interventions, and the time allocated to them in accordance with the provisions of these Regulations, put an end to discussions when he/she considers sufficiently debated the issue and sort the votes, resolve the doubts that arise on the agenda and the list of attendees, proclaim the



adoption of agreements, adjourning the meeting and, where appropriate, agree on its suspension and, in general, exercise all powers, including those of order and discipline, which are necessary for the better management of the development of the meeting, being able to expel those who disturb the normal development of the meeting, including the interpretation of the provisions in these Regulations.

#### **Article 20.-Register of shareholders**

1. At the place and day intended for the holding of the General Meeting of Shareholders, on first or second call, and from one hour before the time announced for the beginning of the meeting (unless otherwise specified in the notice of call), the shareholders or those who validly represent them can present their respective attendance cards to the staff entrusted with the registration of shareholders and, if necessary, documents proving the representation that has been conferred to them. The assistance cards and documents of representation which are presented to the staff responsible for the register of shareholders after the time set for the commencement of the General Meeting of Shareholders shall not be accepted.
2. The register of shareholders attending, present and represented, shall be made by the persons designated to that effect by the Secretary of the General Meeting of Shareholders, using, where appropriate, the technical means that are deemed appropriate.
3. Shareholders that issue their votes remotely, to the extent and in accordance with provisions in the Articles of Association and these Regulations, shall be taken into account for the purposes of the constitution of the General Meeting of Shareholders as being present.

#### **Article 21.-Formation of the list of attendees**

1. Once the process of registration of cards assistance and representations has ended and the existence of sufficient quorum has been noted, the list of attendees will be formed.
2. Once the acceptance has ended of attendance cards and representations, an invitation will be provided to shareholders or, where appropriate, representatives of these, who access with a delay the venue of the General Meeting of Shareholders, so that, whenever they want, they can follow the development of the meeting (in the same room of celebration or, if deemed appropriate by Company to avoid confusion during the General Meeting of Shareholders, in an adjoining room where they can follow it), but neither said shareholders and representatives (nor their clients) will be included on the list of attendees.
3. In the place, day and time fixed for its celebration, on first or second call, depending on the case, once the Committee has been constituted and the list of attendees has been prepared, the General Meeting of Shareholders will start.
4. Firstly, the Secretary will read the call for the meeting. Then the Secretary will publicly read global data resulting from the list of attendees, specifying the number of shareholders with voting rights present (including those who, if applicable, have exercised remote vote) and those represented who attend the meeting, the number of shares corresponding to them and the percentage of capital they represent,

specifying, where appropriate, that corresponding to the shareholders with voting rights. Then the Chairperson will declare the General Meeting of Shareholders validly constituted, on first or second call as appropriate.

5. Once the General Meeting of Shareholders has been declared constituted and without prejudice to their right to formulate protests when deemed appropriate during the turn of interventions, the concurrent shareholders can express to the notary public who has been required to attend (or, failing that the Secretary), for a proper record in the minutes of the General Meeting of Shareholders about any reservation or protest that they have about the valid constitution of the General Meeting of Shareholders or the global details of the list of attendees that has been previously given public reading, without this implying the delay, interruption or postponement of the normal development of the meeting.
6. If the list of attendees does not appear at the beginning of the minutes of the General Meeting of Shareholders, it shall be attached to it by means of annex, signed by the Secretary of the General Meeting of Shareholders with the approval of the Chairperson. The list of attendees can be also be given in a file or computer support. In these cases, the medium used will be recorded in the minutes and the timely diligence of identification signed by the Secretary of the General Meeting of Shareholders with the approval of the Chairperson will be issued on sealed cover of the file or support.

### **Section III: Speaking time of shareholders**

#### **Article 22.-Applications for intervention**

1. Once General Meeting of Shareholders has been constituted and in order to organize turns of intervention, the Chairperson shall ask the shareholders who wish to speak at the General Meeting of Shareholders and, where appropriate, request information or clarifications on the issues included on the agenda or proposals, which will be sent to the notary (or, in their absence the Secretary) or, on their indication, the personnel attending them, stating their name and surname, the number of shares that they own and those that they represent.
2. If the shareholder (or representative) intends to request that their speech be recorded literally in the minutes of the General Meeting of Shareholders, they shall deliver it in writing at the time of identification to the notary (or, in their absence, the Secretary) or by indication to the personnel who assist them, so that may proceed to compare them at the time of the intervention of the shareholder.
3. The shareholders' turn will open once the committee has the list of shareholders who wish to intervene, after the words or reports which, if applicable, have been given to the attendees by the Chairperson, the Chief Executive, if any, the Chairpersons of the various dependent Committees of the Board of Directors, other members of the body of administration or any other person designated for that purpose, and, in any case, before the debate and the vote on the issues on the agenda.

### **Article 23.-Interventions by the shareholders**

1. The interventions by shareholders will take place in the order in which they are called for the purpose by the committee, after the Chairperson of the General Meeting of Shareholders has fixed the turns of intervention.
2. In exercise of its powers to order the development of the General Meeting of Shareholders, and without prejudice to other actions, the Chairperson may:
  - (i) determine the maximum time allotted to each intervention, which must in principle be the same for all of them;
  - (ii) agree, where appropriate, extension of the time initially allocated to each shareholder for their intervention or reduce it, depending on the object and content of the intervention;
  - (iii) limit the speaking time of the shareholders when an issue is considered sufficiently debated;
  - (iv) request that the shareholders taking part clarify issues that have not been sufficiently explained during their speech;
  - (v) moderate the interventions by shareholders so that they are limited to the issues corresponding to the General Meeting of Shareholders and to refrain from making inappropriate statements or exercise their right in an abusive or obstructionist way;
  - (vi) announce to the speakers that the time of their intervention is coming to an end so they can adjust their speech and, when the time granted for your intervention has ended or if they persist in the acts described in paragraph (v) above, withdraw their right to speak;
  - (vii) if it is considered that their intervention may alter the normal development of the meeting, ask them to leave the premises and, where appropriate, adopt, as a result the auxiliary measures which may be necessary; and
  - (viii) in the event of any person speaking wishes to come back, to grant or no, as appropriate, the right to speak.

### **Article 24-Right to information during the holding of the General Meeting of Shareholders**

1. During the interventions, any shareholder may verbally request the information or clarifications that they deem appropriate on the matters included on the agenda, the information made accessible to the public which has been provided by the Company to the National Stock Market Commission since the celebration of the last General Meeting of Shareholders or the report of the accounts auditor. To do this, they must have been previously identified as provided for in the preceding article 22.
2. The administrators shall be obliged to supply the information requested pursuant to the preceding paragraph in the form and within the time limits set by the regulations in force, except in the cases and with the requirements of article 9 of these Regulations, which are also applicable in this case.

3. The information or clarification requested will be provided by the Chairperson or, if applicable and on their indications, by the Chief Executive, if any, the Chairpersons of the Committees of the Board of Directors, the Secretary or Vice-Secretary, any administrator or, if appropriate, any employee or expert on the subject. The Chairperson shall determine in each case, and on the basis of the information or clarification requested, if it is advisable for the proper functioning of the General Meeting of Shareholders to facilitate responses individually or grouped by subject.
4. Where it is not possible to satisfy the right of the shareholder in the act of the General Meeting of Shareholders, the administrators will provide the written information requested the interested shareholder within seven (7) days after the termination of the General Meeting of Shareholders. The answers provided in writing by the administrators will be included on the web site of the Company.

#### **Article 25.-Extension and suspension of the General Meeting of Shareholders**

2. The General Meeting of Shareholders may decide its own extension for one or more consecutive days, on proposal from the administrators or a number of shareholders representing at least one quarter (1/4) of the share capital attending the meeting. Whatever the number of its sessions, it is considered that there is a single General Meeting of Shareholders, issuing only one minutes for all sessions. Therefore, it is not necessary to reiterate the requirements provided for in legislation, the Articles of Association or these Regulations for the valid constitution at successive sessions. If any shareholder that is included in the list of attendees does not subsequently attend subsequent sessions, the majorities required for the adoption of agreements will continue being those determined in the data resulting from such a list.
3. Exceptionally and in the course of disturbances which significantly breach the good order of the meeting or any other extraordinary circumstance which temporarily prevents or hinders the normal development, the Chairperson of the General Meeting of Shareholders may agree the suspension of the session during the appropriate time, in order to ensure the restoration of the conditions necessary for its continuation. The Chairperson can also take the measures deemed appropriate to ensure the safety of those present and avoid the repetition of circumstances that prevent or hinder the normal development of the meeting.

#### **Section IV: Voting and documentation of the agreements**

#### **Article 26.-Voting through means of remote communication**

1. Shareholders with the right to attend may cast their vote on the proposals on points covered by the agenda of any General Meeting of Shareholders through the following remote communication methods:
  - (i) Via postal correspondence, sending to the Company the attendance and vote card issued by the entity or entities responsible for

the keeping of the book-entry registration duly signed and completed, or other written medium that, in the opinion of the Board of Directors in agreement adopted for this purpose and duly published, properly verifies the identity of the shareholder that exercises their right to vote.

- (ii) Using other means of distance communication which the Board of Directors can determine, where appropriate, on the occasion of the call of each General Meeting of Shareholders, provided that the document under which the voting right is exercised incorporates mechanisms that, under an agreement adopted for this purpose and duly published, the Board of Directors deems suitable by providing adequate guarantees of authenticity and identification of the shareholder who exercises their right of vote.
1. The vote delivered by the systems referred to in the preceding paragraph will only be valid when received by the Company before midnight on the day immediately prior to the scheduled day for the holding of the General Meeting of Shareholders on first call. The Board of Directors may indicate a shorter time period for receipt of distance votes.
  2. Shareholders who cast their vote remotely under the terms indicated in this article will be considered to be present for the purposes of the constitution of the General Meeting of Shareholders concerned. Accordingly, delegations issued previously shall be revoked and those conferred afterwards shall be considered not made.
  3. The distance vote issued as referred to in the present article can only be left without effect:
    - (i) By express subsequent revocation by the same medium used for issue, and within the time limit set for this.
    - (ii) by attending the meeting by the shareholder who had issued it or their representative.
    - (iii) by the disposal of the shares whose ownership confers the right to vote, about which the Company becomes aware, at least five (5) days before the planned date for the holding of the General Meeting of Shareholders.
  5. The Board of Directors is empowered to develop the above provisions and establish rules, means and methods appropriate to the state of the art on the issue of votes and the delegation of the representation by electronic means, adjusted where appropriate to legal standards which develop this system and as provided for in the Articles of Association and in these Regulations. Said means and procedures shall be published on the Company website. The Board of Directors shall adopt the measures necessary to ensure that those who issue the vote or delegate the representation by postal or electronic correspondence are duly entitled to so under the provisions of these Regulations and the Company Articles of Association.

## **Article 27.-Vote on proposals for agreement**

1. Once the interventions by shareholders have ended and, where appropriate, the information or clarifications have been provided as set out in these Regulations, the proposals for agreement on the matters included on the agenda will be submitted to vote, and, if any, those others which, by legal mandate, do not have to appear on it, with the Chairperson in connection with the latter deciding the order in which they are put to the vote.
2. It is not necessary for the Secretary to give prior reading to those proposals whose texts have been published by the Company under the terms provided for in article 8 or have been provided to the shareholders at the beginning of the session. In any case, the item on the agenda referred to in the proposed agreement submitted to vote will be indicated to the attendees.
3. The General Meeting of Shareholders will vote separately on those matters which are substantially independent, so shareholders can exercise their voting preferences separately. In any case, even if they appear in the same point on the agenda, they should vote separately: (i) the appointment or ratification of directors, which must be voted on an individual basis; (ii) the consultation vote on the annual report on the remuneration of the directors; and (iii) in the case of amendments to the Articles of Association, each article or group of articles that are substantially independent.
4. The process for the adoption of agreements will be developed following the agenda referred to in the call. First, the proposals for agreement which in each case have been made by the Board of Directors will be put to the vote and then, if appropriate, those formulated by other proponents will be voted and those relating to issues on which the General Meeting of Shareholders may resolve without their appearing on the agenda, with the deciding Chairperson the order in which they will be submitted to vote.
5. Generally, and without prejudice to the powers of the Chairperson to employ other procedures and alternative systems, for the purposes of the vote on the agreement proposals the shareholders' votes shall be determined as follows:
  - (i) In the case of agreement proposals concerning matters covered in the agenda of the call, the votes in favour will be considered those corresponding to all shares present and represented, deducting the votes corresponding to: (a) the shares whose holders or representatives declare that they vote against, vote on blank or abstain, by communicating or stating their vote or abstention to the notary (or, in their absence, to the Secretary of the General Meeting of Shareholders) or staff who may assist them, to be recorded in minutes; (b) the shares whose holders have voted against it, blank or have expressly stated their abstention through the means of communication referred to in these Regulations; and (c) the shares whose holders or representatives have abandoned the meeting prior to the vote on the proposed agreement concerned and have left a record to the

notary public or personnel attending them (or, in their absence, the Secretary of the General Meeting of Shareholders) that they abandon the meeting.

- (ii) as regards agreement proposals relating to matters not included on the agenda of the call, the votes in favour will be considered those corresponding to all shares present and represented, deducting the votes corresponding to: (a) the shares whose holders or representatives declare that they vote against, vote on blank or abstain, by communicating or stating their vote or abstention to the notary (or, in their absence, to the Secretary of the General Meeting of Shareholders) or staff who may assist them, to be recorded in minutes; (b) the shares whose holders have voted against it, blank or have expressly stated their abstention through the means of communication referred to in these Regulations; and (c) the shares whose holders or representatives have abandoned the meeting prior to the vote on the proposed agreement concerned and have left a record to the notary public or personnel attending them (or, in their absence, the Secretary of the General Meeting of Shareholders) that they abandon the meeting.
- (iii) the notifications or declarations to the notary (or, in their absence, the Secretary or staff who assist them) referred to in paragraphs (i) and (ii) above and relating to the vote or abstention may be made individually on each of the proposed resolutions or jointly for several or for all of them, stating to the notary (or, in their absence the Secretary or staff assisting them) the identity and condition - shareholder or representative – of the party making it, the number of shares referred and how they vote or, if applicable, the abstention.

#### **Article 28.-Conflict of interest**

1. Shareholders may not exercise the voting rights corresponding to their shares in the case of adopting an agreement that aims:
  - (i) Release them from an obligation or grant them a right;
  - (ii) To provide them with any kind of financial assistance, including the provision of guarantees on their behalf; or
  - (iii) Waive them from the obligations arising from the duty of loyalty, in accordance with applicable law.

#### **Article 29.-Adoption of agreements and completion of the General Meeting of Shareholders**

1. Agreements shall be approved by a simple majority of the capital, present and represented, except in cases where the current laws or the Articles of Association require a greater majority.
2. In particular, the agreements related to a matter that is a Relevant Decision (as defined below) shall be adopted by the affirmative vote of shareholders representing at least seventy five per cent (75%) of the share capital entitled to vote present or represented.



“**Relevant Decisions of the General Meeting of Shareholders**” shall be considered to be:

- 1.- Amendment of the Articles of Association affecting the registered office, company name, corporate purpose and rules governing the adoption of resolutions by the General Meeting of Shareholders and the Board of Directors (except when the purpose is to adapt to the current legislation), including Relevant Decisions of the General Meeting of Shareholders and Board of Directors as well as the change to the "Euskaltel" brand for the performance of the activities of the Company within the Basque Autonomous Region.
- 2.- Any agreement that aims to or produces the effect of not maintaining the effective administration and management of the Company in the Basque Country.

For clarification purposes, it does not mean that there has been a transfer of the effective administration and management of the Company outside the Basque Country as long as (i) the General Meeting of Shareholders will continue to be held in the territory of the Basque Autonomous Region, (ii) meetings of the Board of Directors are regularly held in the territory of the Basque Country and (iii) the Company maintains in the Basque Country the personal and material resources to develop its activities in the telecommunications operator sector in the Basque Country.

On the other hand, it is understood that the effect is produced of not maintaining the effective administration and management of the Company in the Basque Country if there is any agreement involving the total or partial disposal of the network of physical infrastructure and equipment and facilities for the provision of the Company's electronic communications and television services in the Basque Country, unless the disposal results from network obsolescence or upgrade. Consequently, the agreement will be subject to the rules on majorities provided herein.

- 3.- Delegation in favour of the Board of Directors of any of the above agreements, in the cases permitted under the Act.
3. The Chairperson shall declare agreements approved when there is evidence of the existence of sufficient votes in favour, without prejudice to a record in the minutes about the vote or abstention from the shareholders attending who make a request to the notary public (or, if applicable to the Secretary or staff attending them).
4. After the vote on agreement proposals and once the result is proclaimed by the Chairperson, the General Meeting of Shareholders will come to an end and the Chairperson will declare the session over.

### **Article 30-Minutes of the General Meeting of Shareholders**

1. The agreements of the General Meeting of Shareholders shall be entered in the minutes that are issued or transcribed in the minutes book kept for the purpose. The minutes will be approved by the shareholders themselves, and, failing that, and within the

period provided for in the regulations applicable to the Company, by the Chairperson and two auditors, one on behalf of the majority and one the minority.

2. Once the minutes have been approved in any of these two forms they will be enforceable from the date of their adoption.
3. The body of administration may require the presence of notary public in order to prepare the minutes of the General Meeting of Shareholders and shall be obliged to always do so provided that five (5) days prior to the intended date for the holding of the General Meeting of Shareholders, when requested by shareholders representing, at least, one percent (1%) of the share capital.
4. The notarial certificate shall be considered the minutes of the General Meeting of Shareholders and shall not require its approval.

#### **Article 31.-Publicity of the agreements**

Without prejudice to the registration in the Companies Register of those agreements which can be registered and the legal provisions on the publicity of company agreements which may apply, the Company shall report agreements approved to the National Stock Market Commission through timely communication of the fact relevant. The text of the agreements and the result of the vote, as well as the breakdown of vote on complementary points or alternative agreement proposals, if applicable, corresponding to the General meetings held during the current financial year and the previous one shall be published on the Company website within the five (5) days following completion of the General Meeting of Shareholders in question.

### **TITLE V.-APPROVAL AND MODIFICATION**

#### **Article 32.-Approval and modification**

The adoption of these Regulations and their subsequent amendments corresponds to the General Meeting of Shareholders, which, for the purposes of this article, shall be deemed validly constituted on first call when shareholders attend, present or represented, holding at least twenty-five percent (25%) of the capital with voting rights. On second call it will be validly constituted whatever the capital attending.

The Board of Directors may propose to the General Meeting of Shareholders modifications to these Regulations when deemed necessary or desirable, and must accompany the proposal with the appropriate supporting statement.

#### **Article 33. Calculation of time periods**

For the purposes of the Articles of Association, all of the days of the calendar year shall be counted as working days except for Saturdays, Sundays and any public holiday in the city of Bilbao.

#### **Sole Transitory Regulation**

The provisions of these Regulations will not be applicable to the Company's General Meetings of Shareholders which is held as universal prior to the admission to trading on the Stock Markets of the Company's shares.

### **Additional Provision. Attendance at the General Meeting of Shareholders through real-time means of remote communication**

Shareholders with the right to attend may attend the General Meeting of Shareholders using on-line means that allow their connection in real time with the venue or venues in which the General Meeting of Shareholders is held, provided that this is so approved by the Board of Directors as allowed by the state of art, pursuant to the provisions of article 31 of the Bylaws and without prejudice to the right of the shareholders to cast an absentee vote as provided in article 26 of these Regulations.

In particular, the means that can be used for such purpose that the Board ultimately accepts must allow for verification of the identity of the shareholders, the proper exercise of their rights, interactivity in real time and the proper conduct of the meeting.

In this case, attendance by the shareholders at the General Meeting of Shareholders shall be subject to the following rules, which may be expanded upon and completed by the Board of Directors:

- (i) The call to meeting shall establish the period in advance of the meeting during which a shareholder desiring to attend the General Meeting of Shareholders must make the connection in order to be deemed a shareholder who is present. A shareholder making the connection after the established deadline shall not be deemed to be present.
- (ii) Information and voting rights must be exercised through electronic means of remote communication allowed under the Bylaws and these Regulations. The Board of Directors shall determine the procedure and deadlines for the exercise of these rights during the General Meeting of Shareholders.
- (iii) Pursuant to the provisions of Section 182 of the Corporate Enterprises Act, on occasion of the call to the General Meeting of Shareholders, the directors may decide that the presentations and proposed resolutions that those who are going to attend by on-line means intend to submit pursuant to law be submitted to the Company prior to the commencement of the General Meeting of Shareholders.
- (iv) Furthermore, except upon the occurrence of any of the circumstances for denial provided for by the Act, the Bylaws or these Regulations, requests for information or clarification submitted by remote attendees during the General Meeting of Shareholders shall be answered in writing within a period of seven days, without prejudice to the ability to do so during the course of the meeting.
- (v) Shareholders desiring to attend the General Meeting of Shareholders must identify themselves with an electronic signature or other type of identification upon the terms set out by the Board of Directors in the resolution adopted for this purpose and with the provision of suitable assurances of authenticity and of identification of the shareholder in question.



The Board of Directors may establish and update means and procedures in accordance with the state of the art to implement remote attendance and the casting of remote electronic votes during the General Meeting of Shareholders, conforming to any legal rules governing this system and to the provisions of the Bylaws and these Regulations. Said means and procedures shall be published on the Company's website.

If, due to technical circumstances not attributable to the Company, remote attendance at the General Meeting of Shareholders is not possible in the manner provided for or there is an interruption of communication during the Meeting or a termination thereof, said circumstance may not be raised as an illegal deprivation of shareholder rights.