



EUSKALTEL, S.A. (*Euskaltel* or the *Company*), pursuant to the prospectus relating to the initial public offering and admission to trading of the Company's shares registered on June 19, 2015 with the official registry of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the ***Prospectus***), hereby reports the following

RELEVANT INFORMATION

On the date hereof, after having analysed the market conditions and the demand registered during the book-building period of the offering of Euskaltel's shares (the ***Offering***), Kutxabank, S.A., Araba Gertu, S.A.U., International Cable, B.V. and Iberdrola, S.A. (the ***Selling Shareholders***), during the negotiations with J.P. Morgan Securities plc and UBS Limited (the ***Joint Global Coordinators***), have fixed the final price of the Offering at Euros 9.50 per share (the ***Offer Price***). The Offer Price sits within the indicative offer price range set out in the Prospectus (between Euros 8.70 and Euros 11.05 per share) and implies an initial market capitalisation for Euskaltel of Euros 1,202 million.

Additionally, and once the Offer Price has been determined, Euskaltel and the Selling Shareholders have entered into the relevant underwriting agreement (the ***Underwriting Agreement***) with the Joint Global Coordinators, Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Limited, Banco Santander, S.A., Caixabank, S.A., JB Capital Markets, S.V., S.A.U., Norbolsa, S.V., S.A. and Nmas1 Equities, S.V., S.A. (with Nmas1 Equities, S.V., S.A. acting exclusively as a manager, that is, with no underwriting commitment) (the ***Managers***), without there being variations with respect to the Managers or the percentage of underwritten Shares of each as set out in the section *Plan of Distribution – The Underwriting Agreement* of the Prospectus.

The expected timetable for the allocation of the shares and payment of the Offer Price by the investors is the timetable set out in section *Expected Timetable of Principal Events and Offer Statistics* in the Prospectus, that is:

Event	Date
Execution of Underwriting Agreement	June 29, 2015
Selection of offers to buy shares	June 30, 2015
Confirmation of offers to buy shares	June 30, 2015
Final allocation of shares (“ Transaction Date ”)	June 30, 2015
Admission and commencement of stabilisation period	July 1, 2015
Settlement date	July 3, 2015
End of the stabilisation period	July 31, 2015



From the date of admission to trading of the shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (expected to occur on July 1, 2015), this date included, and during the following 30 calendar days, UBS Limited (the **Stabilising Manager**), acting on behalf of the Managers, may carry out stabilisation transactions in accordance with Commission (EC) Regulation No 2273/2003 of December 22, 2003, on exemptions regarding redemption and stabilisation programmes of financial instruments. The purpose of such stabilisation transactions is to support the price for Euskaltel's shares, although it is not certain that these actions will take place, being subject to possible interruption, should they be commenced, at any time.

Accordingly, the Stabilising Manager, on its own behalf and on behalf of the Managers, has entered into a stock lending agreement with International Cable, B.V. and Kutxabank, S.A., as lenders, regarding a total of 8,040,893 shares of Euskaltel, representing, approximately, 6.35% of the share capital and 10.00% of the initial number of shares in the Offering, for over-allotment purposes in the Offering. The repayment of such loan will be carried out through the exercise of the Over-allotment Option granted by the abovementioned Selling Shareholders to the Joint Global Coordinators, acting on behalf of the Managers, over the same number of shares.

Finally, we inform of the following aspects which have been defined as a result of the fixing of the Offer Price:

- (a) The gross amount resulting from the settlement of the Management Incentive Plans and the Investment Agreements settlement amounts to Euros 41,019,056, which result in net cash payments amounting to Euros 22,045,425, divided as follows:

Beneficiaries	Gross amount (€)	Net cash payment (€)⁽¹⁾
Alberto García Erauzkin ⁽²⁾	9,126,831	5,129,730
Senior management ⁽³⁾	27,607,609	15,101,267
Other managers ⁽⁴⁾	2,846,793	1,814,428
Richard Alden ⁽⁵⁾	1,437,823	-
Total	41,019,056	22,045,425

- (1) Excluding amounts withheld by the Company and amounts corresponding to the estimated taxes to be paid by the beneficiaries.
 (2) Including amounts derived from the settlement of both the Management Incentive Plans and the Investment Agreements.
 (3) Senior Management, comprised of nine members.
 (4) Other managers, comprised of 14 other employees.
 (5) Amounts deriving from the settlement of the Investment Agreements and the business advisory and consulting agreement.

- (b) The amount to be reinvested in ordinary shares in the Company by the beneficiaries under the Management Incentive Plans and Mr Alberto García Erauzkin (under the

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relevant Investment Agreement) amounts to Euros 11,022,717, which equals to 1,160,286 ordinary shares in the Company, representing 0.92% of the share capital; divided as follows:

Beneficiaries	Reinvestment amount (€)	Ordinary shares
Alberto García Erauzkin ⁽¹⁾	2,564,867	269,986
Senior management ⁽²⁾	7,550,638	794,804
Other managers ⁽³⁾	907,212	95,496
Total	11,022,717	1,160,286

- (1) Including amounts derived from the settlement of both the Management Incentive Plans and the Investment Agreements.
 (2) Senior Management, comprised of nine members.
 (3) Other managers, comprised of fourteen other employees.

Additionally, the Company has been informed that Mr. Alberto García Erauzkin (under the relevant Investment Agreement) and the other beneficiaries under the Management Investment Plans have agreed to reinvest in shares of the Company the remainder of the proceeds obtained under such plans and agreements, thus reaching up to 100% of such proceeds after deducting applicable taxes. Such reinvestment shall be made on a personal basis and once the stabilization period has terminated, with the shares so acquired being subject to a 360 days lock-up from the listing date as described in the Prospectus. The total number of shares that is acquired as a result of these reinvestment commitments shall be disclosed by directors and officers to the Spanish Securities Exchange Commission pursuant to Royal Decree 1362/2007, of 19 October 2007, and Royal Decree 1333/2005, of 11 November 2005.

- (c) The amount to be invested by the Company in order to acquire shares to be granted at no cost (for free) to employees equals Euros 3,606,324, equivalent to 379,613 shares, representing 0.30% of the Company's share capital.
- (d) The final number of Shares underwritten by the Managers (other than Nmás1 Equities Sociedad de Valores, S.A.) amounts up to 86,909,924, including the relevant Over-allotment Options.
- (e) The amount of extraordinary dividend approved by the Extraordinary Shareholders' meeting is 207,032,617 euros.

In Bilbao, on June 29, 2015.

Euskaltel, S.A.



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