



euskaltel

# General Meeting of Shareholders

## 2018

Proposed resolutions



ERRONKA GARBIA  
EVENTO AMBIENTALMENTE SOSTENIBLE

**PROPOSED RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF EUSKALTEL, S.A. CALLED TO BE HELD ON 1 JUNE 2018, ON FIRST CALL, AND 2 JUNE 2018, ON SECOND CALL**

The resolutions that the Board of Directors of Euskaltel, S.A. (“Euskaltel” or the “Company”) proposes for approval by the shareholders at the General Meeting of Shareholders are the following:

**Items relating to the annual accounts, company management and the statutory auditor**

1. **Examination and approval of the individual annual accounts of the Company and the consolidated accounts of the Company and its subsidiaries for the financial year ended 31 December 2017.**
2. **Examination and approval of the individual management report of the Company and the consolidated management report of the Company and its subsidiaries for the financial year ended 31 December 2017.**
3. **Examination and approval of company management and of the actions of Euskaltel’s Board of Directors during the financial year ended 31 December 2017.**
4. **Re-election of KPMG Auditores, S.L. as auditor of the individual annual accounts of the Company and as auditor of the annual accounts of the consolidated group made up of Euskaltel and its subsidiaries, for financial year 2018.**

**ITEM ONE ON THE AGENDA**

**Examination and approval of the individual annual accounts of the Company  
and the consolidated accounts of the Company and its subsidiaries for the  
financial year ended 31 December 2017**

**PROPOSED RESOLUTION RELATING TO ITEM ONE**

It is hereby resolved to approve the individual annual accounts of Euskaltel and the annual accounts of Euskaltel consolidated with those of its subsidiaries for the financial year ended 31 December 2017 and which were drawn up by the Board of Directors at its meeting held on 27 February 2018.

**ITEM TWO ON THE AGENDA**

**Examination and approval of the individual management report of the Company and the consolidated management report of the Company and its subsidiaries for the financial year ended 31 December 2017**

**PROPOSED RESOLUTION RELATING TO ITEM TWO**

It is hereby resolved to approve the individual management report of Euskaltel and the management report of Euskaltel consolidated with that of its subsidiaries for the financial year ended 31 December 2017, which were approved by the Board of Directors at its meeting held on 27 February 2018.

**ITEM THREE ON THE AGENDA**

**Examination and approval of company management and of the actions of Euskaltel's Board of Directors during the financial year ended 31 December 2017**

**PROPOSED RESOLUTION RELATING TO ITEM THREE**

The management of the Company and the activities of the Board of Directors of the Company during the financial year ended 31 December 2017 are hereby approved.

## **ITEM FOUR ON THE AGENDA**

### **Re-election of KPMG Auditores, S.L. as auditor of the individual annual accounts of Euskaltel and as auditor of the annual accounts of the consolidated group made up of Euskaltel and its subsidiaries, for financial year 2018.**

#### **PROPOSED RESOLUTION RELATING TO ITEM FOUR**

It is hereby resolved to re-elect the company KPMG Auditores, S.L. as statutory auditor of the Company and of the consolidated group made up of Euskaltel and its subsidiaries to perform the audit of the individual accounts of Euskaltel and of the accounts of the consolidated group made up of Euskaltel and its subsidiaries for the financial year ending on 31 December 2018.

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

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

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

It is stated for the record that KPMG Auditores, S.L. has its registered office at Paseo de la Castellana, 259 C, Torre Cristal, 28046 Madrid (Madrid), and tax identification number B-78.510.153. It is registered with the Commercial Registry of Madrid at volume 11,961, folio 90, section 8, page M-188,007, entry 10, and with the Official Registry of Statutory Auditors (*Registro Oficial de Auditores de Cuentas*) (ROAC) under number S-0702.

**Item relating to the express authorisations and delegations that are requested**

5. **Increase to 600 million euros of the maximum limit of the authorisation given to the Company's Board of Directors by the shareholders at the General Meeting of 27 June 2016 regarding the issue of simple debentures or bonds, notes and other fixed income securities of a similar nature, not convertible into new shares of the Company or exchangeable for outstanding shares of the Company, as well as preferred shares, to guarantee new issues of securities by the subsidiaries up to the foregoing limit.**

## **ITEM FIVE ON THE AGENDA**

**Increase to 600 million euros of the maximum limit of the authorisation given to the Company's Board of Directors by the shareholders at the General Meeting of 27 June 2016 regarding the issue of simple debentures or bonds, notes and other fixed income securities of a similar nature, not convertible into new shares of the Company or exchangeable for outstanding shares of the Company, as well as preferred shares, to guarantee new issues of securities by the subsidiaries up to the foregoing limit**

### **PROPOSED RESOLUTION RELATING TO ITEM FIVE**

Pursuant to the provisions of article 319 of the Regulations of the Commercial Registry and article 16 of the Bylaws, it is hereby resolved to amend the resolution adopted by the shareholders at the Annual General Meeting of Shareholders on 27 June 2016 regarding the authorisation given to the Board of Directors, for a period of 4 years, to issue simple debentures or bonds, notes and other fixed income securities of a similar nature, not convertible into new shares of the Company or exchangeable for outstanding shares of the Company, as well as preferred shares, with a maximum limit of 300 million euros, and to guarantee the new issues of securities by the subsidiaries up to the foregoing limit.

In particular, it is resolved to increase the prior maximum limit of 300 million euros, increasing it by an additional 300 million euros, such that the quantitative limit of such authorisation hereafter and for future issues is established at the amount of 600 million euros, although the level of the Company's indebtedness prior to the issue may in no event be exceeded.

Therefore, except as provided with respect to the new quantitative limit of 600 million euros for future issues as provided above and fixed by virtue of this resolution, the other terms and conditions of the authorisation provided to the Board of Directors by the shareholders at the General Meeting dated 27 June 2016 remain unchanged.

In light of the foregoing, it is stated for the record for purposes of clarification that the terms and conditions of the authorisation provided to the Company's Board of Directors for the issue of simple debentures or bonds, notes and other fixed income securities of a similar nature, as well as preferred shares, to guarantee new issues of securities by the subsidiaries of Euskaltel, are those set out below:

#### **1. Securities to be issued**

The negotiable securities covered by this delegation may be simple bonds or debentures, notes and other fixed income securities of a similar nature, as well as preferred shares (the "Securities").

The Securities that this delegation refers to may not be securities convertible into newly-issued shares of the Company or exchangeable for outstanding shares of the



Company, nor may they be in the nature of warrants or other securities similar to the foregoing that may give the right to subscribe or acquire shares of the Company.

## **2. Period of the delegation**

The Securities covered by the delegation may be issued on one or more occasions for a period of 5 years from 27 June 2016, i.e. the date of the resolution by means of which the delegation was made.

## **3. Maximum amount of the delegation**

The total maximum amount of the issue or issues of the Securities approved under this delegation shall be 600 million euros or the equivalent thereof in another currency.

## **4. Scope of the delegation**

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

## **5. Guarantee for issues of securities by subsidiaries**

The Board of Directors is also authorised to guarantee in the name of the Company and within the limits set forth above, new issues of securities by the subsidiaries during the term of this resolution.

## **6. Trading of securities issued**

The Company may request the admission to trading on secondary markets, whether official or non-official, organised or non-organised, and domestic or foreign, of the Securities issued by the Company under this delegation, authorising the Board of Directors, as broadly under Law as required, to take the steps and actions necessary for admission to trading with the competent bodies of the various domestic or foreign securities markets.

## **7. Power of substitution**

For purposes of the provisions of section 249 *bis* I) of the Capital Enterprises Act, the Board of Directors is expressly authorised to further delegate the powers referred to in this resolution.

**Item relating to the composition of the Board of Directors**

- 6. Ratification of the interim appointment (co-option) and election of Corporación Financiera Alba, S.A., represented by Mr Javier Fernández Alonso, as proprietary director.**

**ITEM SIX ON THE AGENDA**

**Ratification of the interim appointment (co-option) and election of Corporación Financiera Alba, S.A., represented by Mr Javier Fernández Alonso, as proprietary director**

**PROPOSED RESOLUTION RELATING TO ITEM SIX**

It is hereby resolved to ratify the appointment of Corporación Financiera Alba, S.A., represented by Mr Javier Fernández Alonso, as director appointed on an interim basis (co-option) by resolution of the Board of Directors adopted at the meeting held on 27 February 2018, and to appoint him in accordance with the report of the Appointments and Remuneration Committee for the bylaw-mandated term of four years, with the classification of proprietary external director, as his appointment was proposed by Corporación Financiera Alba, S.A., a significant shareholder of Euskaltel.

**Item relating to shareholder remuneration**

- 7. Approval of the proposed application of results of Euskaltel and distribution of dividends for the financial year ended 31 December 2017.**

**ITEM SEVEN ON THE AGENDA**

**Approval of the proposed application of results of Euskaltel and distribution of dividends for the financial year ended 31 December 2017**

**PROPOSED RESOLUTIONS RELATING TO ITEM SEVEN**

In compliance with the provisions of Section 273.1 of the Capital Enterprises Act, and as there has been a net profit during financial year 2017 in the amount of 77,111,830.98 euros, it is hereby resolved to distribute, with a charge to the results from the financial year ended 31 December 2017, a dividend of 0.151 euro (gross) per share of Euskaltel with the right to receive it and that is outstanding on the date that the corresponding payment is made.

It is expected that the payment of the aforementioned dividend will take place no later than 27 July 2018.

This dividend will be distributed through the entities members of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR), the Board of Directors being hereby authorised for such purpose, with express power of substitution, to establish the specific date for payment of the dividend, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the distribution.

Therefore, the distribution of profits for financial year 2017 is as follows:

<u>Legal reserve</u> .....	7,711,183.10 euros
<u>Voluntary reserves (minimum amount)</u> .....	19,737,237.80 euros
<u>Interim dividend</u> .....	22,687,960.72 euros
<u>Supplemental dividend (maximum amount to distribute: 0.151 euro (gross) per share for all outstanding shares)</u> .....	26,975,449.36 euros

**Item relating to general matters**

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

## **ITEM EIGHT ON THE AGENDA**

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

#### **PROPOSED RESOLUTION RELATING TO ITEM EIGHT**

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

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

**Item relating to the resolution submitted to a consultative vote**

- 9. Consultative vote regarding the Annual Director Remuneration Report for financial year 2017.**



**ITEM NINE ON THE AGENDA**

**Consultative vote regarding the Company's Annual Director Remuneration  
Report for financial year 2017**

**PROPOSED RESOLUTION RELATING TO ITEM NINE**

It is hereby resolved to approve the Annual Director Remuneration Report for financial year 2017 on a consultative basis.

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