



euskaltel

Extraordinary
General
Shareholders
Meeting **2019**



ERRONKA GARBIA
EVENTO AMBIENTALMENTE SOSTENIBLE

REPORT PRODUCED BY THE BOARD OF DIRECTORS OF EUSKALTEL, S.A. ON THE PROPOSAL FOR RATIFICATION OF THE APPOINTMENT BY CO-OPTION AND FOR ELECTION OF MR. EAMONN O’HARE AS A PROPRIETARY DIRECTOR, AS INCLUDED IN THE FOURTH AGENDA ITEM FOR THE COMPANY’S EXTRAORDINARY GENERAL SHAREHOLDERS MEETING SCHEDULED FOR JULY 10, 2019 ON FIRST CALL AND JULY 11, 2019 ON SECOND CALL

I. Introduction

This report has been produced by the Board of Directors of Euskaltel, S.A. (“Euskaltel” or the “Company”) in conformity with section 529 *decies* of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), on the subject of justification of the proposal for ratification of the appointment by co-option of, and for election of, Mr. Eamonn O’Hare as a Director. That proposal is being presented as the fourth agenda item for approval by the Extraordinary General Shareholders Meeting, and for such purposes, this report contains an assessment of the competencies, experience, and merits possessed by Mr. O’Hare.

On June 5, 2019, the Board of Directors appointed Mr. O’Hare as a Director of the Company by co-option. This took place after a favorable report had been submitted on that same date by the Appointments and Remuneration Committee.

Therefore, in compliance with section 518(e) of the Spanish Capital Companies Act, this report contains a description of that Director’s identity and professional and biographical profile, along with the rest of the information referred to in article 8.2(vi) of the Company’s General Shareholders Meeting Regulations.

However, it is also being stated for the record that beginning at the time when Mr. Eamonn O’Hare was appointed as a Director by co-option, a description of his professional and biographical profile has been posted on the Company’s website, along with the rest of the appropriate information in conformity with the contents of the Company’s Bylaws.

This report also includes an assessment by the Board of Directors of the competencies, experience, and merits of Mr. Eamonn O’Hare, based on the report submitted by its Appointments and Remuneration Committee on June 5, 2019, in conformity with section 529 *decies* of the Spanish Capital Companies Act, with the Board of Directors fully accepting the contents of that report.

II. Biographical profile, educational background, and experience of Mr. Eamonn O’Hare

Mr. O’Hare earned a Bachelor’s Degree in Aerospace Engineering at Queen’s University Belfast, then an MBA from the London Business School.

For more than two decades, Mr. O’Hare served as a Director and executive at some of the world’s fastest growing technology and retail companies. He is currently Chairman and CEO of Zegona Communications plc, a telecommunications, media and technology (TMT) company traded on the London Stock Exchange.

From 2009 to 2013 Mr. O’Hare was CFO and a Director at Virgin Media, one of Great Britain’s leading entertainment and communications companies. The nominee

collaborated on transformation of that company's business and the strategy developed for its sale to Liberty Global.

From 2005 to 2009 he served as the UK Chief Financial Officer for one of the world's largest retailers, Tesco Plc. Before joining Tesco, Mr. O'Hare was CFO at Energis Communications Limited and a member of its Board of Directors.

Prior to that, he had worked at PepsiCo Inc. for 10 years, in a variety of senior management positions in Europe, Asia, and the Middle East.

He began his employment career at companies in the aerospace industry, such as Rolls-Royce and British Aerospace.

Mr. O'Hare is also a non-executive director on the Board of Directors of Dialog Semiconductor plc, a leading consumer technologies company that provides basic components for some of the world's most popular brands of mobile devices.

He was also Chairman of the Auditing Committee at Dialog Semiconductor in 2014 and 2015, and he held the position of executive director on the Board of Directors of Tele2, a major European telecommunications company in the Nordic and Baltic countries, also serving on its Auditing Committee.

III. Positions held on other Boards of Directors

Currently, Mr. O'Hare is a Board member for the following:

- Zegona Communications plc
- Zegona Limited
- Dialog Semiconductor plc

IV. Evaluation and appropriate category of Director

In accordance with subsection 3 of section 529 *duodecies* of the Spanish Capital Companies Act, Mr. Eamonn O'Hare is being included in the category of Independent proprietary director, since he was nominated by one of the Company's significant shareholders, Zegona Communications plc.

V. Date of his appointment as a Director for the Company

The nomination for appointment of Mr. Eamonn O'Hare received a favorable report from the Appointments and Remuneration Committee at its meeting held on June 5, 2019.

He was then appointed as a Director by co-option, based upon Board resolution passed at a meeting held on that same date.

VI. Holding of the Company's shares and stock options

Mr. Eamonn O'Hare does not directly hold any shares in the Company or options to acquire such shares.

VII. Proposal for resolution

Based upon the above, it has been agreed to submit the following proposed resolution to the General Shareholders' Board:

“Four. Ratification of appointment by co-option of Mr. Eamonn O’Hare as a proprietary director and election for the statutory term of four (4) years

A resolution has been passed to ratify the appointment of Mr. Eamonn O’Hare as a Director, which took place by co-option based on Board resolution passed at its meeting held on June 5, 2019, and to appoint him as a Director in the category of independent proprietary director, since his appointment was proposed by a significant shareholder of Euskaltel, Zegona Communications plc, for the term of four years established in the Company’s Bylaws, in conformity with the report produced by the Appointments and Remuneration Committee and the proposal and Report from the Board of Directors justifying his nomination.

In turn, Mr. O’Hare will accept that appointment if it is approved, by any means permitted by law.”

* * *

In Derio, province of Bizkaia, on June 5, 2019.

ANNEX I

FAVORABLE REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE

REPORT PRODUCED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF EUSKALTEL, S.A. ON THE PROPOSAL FOR APPOINTMENT BY CO-OPTION OF MR. EAMONN O'HARE AS A MEMBER OF THE COMPANY'S BOARD OF DIRECTORS AND ITS AUDITING AND CONTROL COMMITTEE, APPOINTMENTS AND REMUNERATION COMMITTEE, AND STRATEGY COMMITTEE

I. Introduction

This report has been produced by the Appointments and Remuneration Committee of Euskaltel, S.A. ("Euskaltel" or the "Company"), in conformity with section 529 *decies* and section 529 *quindecies* of the Spanish Capital Companies Act, as well as the contents of article 5 of the Company's internal Rules on the Appointments and Remuneration Committee, in relation to the proposal for appointment by co-option of Mr. Eamonn O'Hare as a Director of Euskaltel and as a member of its Auditing and Control Committee, Appointments and Remuneration Committee, and Strategy Committee.

Specifically, the purpose of this report is to provide detailed reporting on that proposal for appointment, with special attention given to the competencies, experience, and merits possessed by Mr. Eamonn O'Hare.

In relation to production of this report, the guidelines from the Company's Policy on Selection of Directors have been followed, as approved by the Board of Directors on April 26, 2016.

II. Biographical profile, educational background, and experience of Mr. Eamonn O'Hare

Mr. O'Hare earned a Bachelor's Degree in Aerospace Engineering at Queen's University Belfast, then an MBA from the London Business School.

For more than two decades, Mr. O'Hare served as a Director and executive at some of the world's fastest growing technology and retail companies. He is currently Chairman and CEO of Zegona Communications plc, a telecommunications, media and technology (TMT) company traded on the London Stock Exchange.

From 2009 to 2013 Mr. O'Hare was CFO and a member of the Board of Directors at Virgin Media, one of Great Britain's leading entertainment and communications companies. The nominee collaborated on transformation of that company's business and the strategy developed for its sale to Liberty Global.

From 2005 to 2009 he served as the UK Chief Financial Officer for one of the world's largest retailers, Tesco Plc. Before joining Tesco, Mr. O'Hare was CFO at Energis Communications Limited and a member of its Board of Directors.

Prior to that, he had worked at PepsiCo Inc. for 10 years, in a variety of senior management positions in Europe, Asia, and the Middle East.

He began his employment career at companies in the aerospace industry, such as Rolls-Royce and British Aerospace.

Mr. O'Hare is also a non-executive director on the Board of Directors of Dialog Semiconductor plc, a leading consumer technologies company that provides basic components for some of the world's most popular brands of mobile devices.

He was also Chairman of the Auditing Committee at Dialog Semiconductor in 2014 and 2015, Mr. O'Hare also held the position of executive director on the Board of Directors of Tele2, a major European telecommunications company in the Nordic and Baltic countries, also serving on the Auditing Committee.

III. Positions held on other Boards of Directors

Currently, Mr. O'Hare is a Board member for the following:

- Zegona Communications plc
- Zegona Limited
- Dialog Semiconductor plc

IV. Appropriate category of Director

In accordance with subsection 3 of section 529 *duodecies* of the Spanish Capital Companies Act, Mr. Eamonn O'Hare is being included in the category of Independent proprietary director, since he was nominated by one of the Company's significant shareholders, Zegona Communications plc.

V. Holding of the Company's shares and stock options

Mr. Eamonn O'Hare does not directly hold any shares in the Company or options to acquire such shares.

VI. Requirements

Based upon the information the Company has available, and in view of the nominee's career history, it can be established that Mr. O'Hare (i) meets the requirements on reputation, suitability, solvency, competencies, experience, qualifications, educational background, availability, and commitment to his duties, as required for the position of proprietary director on the Company's Board of Directors, and to serve as a member of that Board's Committees; and (ii) meets the general requirements established for all of the Company's Directors, in accordance with the provisions of the applicable laws and Euskaltel's Policy on Selection of Directors.

In particular, the Appointments and Remuneration Committee has acted with the understanding that, in the particular case of Mr. O'Hare, in order to adequately carry out the duties inherent to the positions for which he has been nominated, he must present an appropriate and sufficient combination of abilities, competencies, and experience in the following areas:

- (i) the telecommunications industry and the market in which Euskaltel carries out its operations;
- (ii) strategic vision for business ventures;
- (iii) a history of value creation;
- (iv) management of human resources and teams of personnel;
- (v) experience in business management, leadership, and strategy as a Director;
- (vi) the highest level of ethics and respect for the business community in general;
- (vii) absence of any conflicts of interest, and time available for attending the scheduled Board meetings and, as applicable, those of its various committees; and
- (viii) sufficient evidence of a maximum degree of loyalty, commitment, and dedication to the Company's plans.

Mr. O'Hare has also confirmed that he is not directly or indirectly subject to any of the causes for incompatibility or prohibition, and that he does not possess any conflicts of interest with the interests of the Company, as established in general by law or more specifically in Euskaltel's corporate Bylaws.

VII. Conclusion and proposal to the Board

In view of the above, it can be established that Mr. Eamonn O'Hare has adequate and appropriate competencies, experience, and merits to carry out the duties of the positions for which he has been nominated.

In conformity with the contents above, the Committee has agreed to produce a favorable report on nomination of Mr. Eamonn O'Hare for appointment as a member of Euskaltel's Board of Directors, in the category of proprietary director, and as a member of its Auditing and Control Committee, Appointments and Remuneration Committee, and Strategy Committee.

In Derio, province of Bizkaia, on June 5, 2019.