



Euskaltel adapts its Corporate Governance structure to accelerate the digital transformation and growth

- *After the successful IPO of the Company and acquisition of R Cable in 2015, key milestones in the history of Euskaltel, the Company aims to accelerate its digital transformation as a key growth driver in the telecommunications sector*
- *This transformation process represents a new step in the strategic development of the Company to drive the leadership of Euskaltel in the new era of digital economy, once the integration of R Cable is well on-track, and consistent with the defined strategy and objectives announced to the market.*
- *To this end, the Board of Directors of Euskaltel will propose to the General Shareholders Meeting the appointment of Mr. Francisco Arteche as new Chief Executive Officer (CEO) of the Group. Francisco Arteche, will join Euskaltel from Microsoft with an extensive experience of over 20 years in senior management roles in top-rated global technology companies. Euskaltel believes that Francisco is the best positioned candidate to lead Euskaltel in the execution of its strategy, as well as to overtake the new challenges of the digital economy.*
- *The appointment has been made following the best Corporate Governance practices in listed companies and aimed to meet the separation of powers between the Chairman with executive functions and the CEO.*
- *The Board of Directors has also approved to propose to the General Shareholders Meeting the appointment of two new Board members, Elisabetta Castiglioni y Miguel Ángel Lujua.*

Bilbao, 25 May 2016. The Board of Directors of Euskaltel, on the meeting held yesterday, unanimously agreed to propose to the General Shareholders Meeting the appointment of Francisco Arteche as new CEO of the Group.

In order to meet the separation of powers concept as suggested by the best Corporate Governance practises, the Company analysed the appointment of a CEO either by way of internal promotion, whereby the General Manager was the natural candidate, or external promotion, with the objective of identifying the most suitable

candidate to execute the strategy already approved and announced by the Company, as well as to enhance the leadership of Euskaltel in this new era of digital economy.

To this end, the Board of Directors of Euskaltel believes that Francisco Arteche is the best positioned candidate to lead Euskaltel in the execution of its strategy, as well as to overtake the new challenges of the digital economy that will set the base for the future evolution of the sector and the transformation into a digital services operator, driving element of the digital economy.

Francisco Arteche, 51 years old and born in Donostia, is an Industrial Engineer by the Universidad de Navarra in San Sebastián and MBA by IESE Business School in Barcelona. He joins us from Microsoft, the worldwide leading software company, and with more than 20 years of experience in leadership positions in top-rated global technology companies. Francisco specially stands out for his strategic vision on the new technologies market, his leadership skills and his human resources management abilities, based on the professional development of people.

With a long and productive professional career with management responsibilities in the technological sector, he has spent his last twelve years in Microsoft. Right up to his arrival to Euskaltel, he was the General Manager of Consumer Channels Group at Microsoft Ibérica, company he joined as Director of Entertainment & Devices division for Central Europe and Southern Europe and, later, for Western Europe.

Furthermore, the Board of Directors of Euskaltel leading the historical milestones of the IPO of the Company and the subsequent acquisition and integration of R Cable, has agreed the termination of the employment contract with the current General Manager of the Company, Fernando Ojeda, with a clear recognition to his work in the last 3 years.

Appointment of new Directors

Additionally, the Board of Directors has unanimously decided to propose in the General Shareholders Meeting the nomination of two new Directors - Elisabetta Castiglioni and Miguel Ángel Lujua - , in replacement of Bridget Cosgrave and Richard David Alden, who have presented their voluntary resignation.

The new Board members are distinguished independent experts, with relevant experience in the telecommunications and technology sector, and human resources management respectively.

Elisabetta Castiglioni, has an extensive experience in the TMT sector. After developing her professional career in the telecommunications sector, including both telecom operators (MCI Worldcom) and manufacturers (Siemens), she is currently focused in the consultancy and advisory world, specialized in technology and media companies around the world such as Telekom Austria, BBC, ITV, New York Times, Rai, BSkyB, Cox, amongst other. She has been Executive Director of Global Media, IT Solutions and Services at Siemen and Head of Strategy and Marketing of Internet Products in Europe, Middle East and Africa, at MCI Worldcom. Lastly, she has also held a Director position at Telekom Austria over the last five years.

Miguel Ángel Lujua, is an expert in human resources management. He has been Chairman of Confebask (Confederación Empresarial Vasca), member of the Executive Committee and Director of CEOE (Confederación Española de Organizaciones Empresariales), and Vicepresident of Innobasque. He has also been Director of Cebek (Confederación Empresarial de Bizkaia) and Chairman of Euskalit (Fundación Vasca para la Excelencia). Currently, he works as CEO of Grupo IMQ. His professional career started as Head of Human Resources at Nervacero. Afterwards, he held the same responsibility at AHV-Aceralia, currently known as Arcelor, until he joined Grupo IMQ, where he also worked as General Director of Mutualia.

The Board of Directors has recognised and thanked both exiting Directors for their performance and implication in the project of the Company.

The nomination of the new CEO and the new Board Members will be voted in the next Ordinary Shareholders Meeting.

In case of approval, the Board of Directors would consist of 50% of independent Directors - 5 Directors out of 10 -, and 30% would be women - 3 out of the 10-. Euskaltel confirms with this its commitment to the highest Corporate Governance standards.