EUSKALTEL, S.A. (Euskaltel), in accordance with article 17 of Regulation (EU) No. 596/2014 on market abuse, article 228 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*Texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*), and related provisions, hereby announces the following

RELEVANT FACT

As disclosed in the relevant fact filed with the CNMV on 16 May 2017 (number 252081), the contract by which Euskaltel has agreed to acquire from Zegona Limited ("Zegona" or the "Seller") full control over Telecable de Asturias, S.A.U. through the purchase of 100% of Parselaya, S.L.U.'s share capital contains the following provisions which constitute "shareholders agreements" (*pactos parasociales*) that required to be disclosed in accordance with the law:

Standstill clause:

"*8.5 Standstill*

From the date hereof until the earlier to occur of (i) the first anniversary of the Closing Date or (ii) the date of filing with the CNMV by any third-party of a public tender offer to acquire shares of the Buyer which would result in such third-party holding more than 30% of the Buyer's share capital, the Seller undertakes to not directly or indirectly (through any Affiliate, third party agent or other intermediary) acquire by any title (including the acquisition or control of another entity of which at least 30% of its assets are shares of Euskaltel) of any shares of Euskaltel, or enter into an agreement or arrangement as a result of which the Seller directly or indirectly (through any Affiliate, third party agent or other intermediary) may acquire any shares of Euskaltel which result in the Seller owning directly or indirectly more than a 16.5% stake in the share capital or in the voting rights of Euskaltel except for any acquisitions of Euskaltel shares from shareholders that hold shares representing at least 10% of the share capital of Euskaltel.

In order to (directly or indirectly) acquire Euskaltel shares from any shareholder that holds shares representing less than 10% of the share capital of Euskaltel, the Seller shall require the previous written consent of the Buyer."

Lock-up clause:

"*11. Lock-up*

11.1 Save for the provisions under Clause 11.3, the Seller undertakes to refrain from selling, lending, contracting derivative instruments (including futures, options and swaps) over, or otherwise transferring or disposing of, directly or indirectly, any Euskaltel Shares) (a

"Disposal") from the date hereof until the first anniversary of the Closing Date (the "Full Lock-Up Period"). For the avoidance of doubt, the Seller shall be entitled to pledge the Euskaltel Shares, by way of security for financing incurred in the development of its business activities, which shall not be considered a Disposal for the purposes of this Clause.

11.2 Once the Full Lock-Up Period lapses, the Seller may effect Disposals as follows:

(i) 33% of the total amount of the Euskaltel Shares subscribed for by Zegona on the Closing Date, starting as from the 12 months after the Closing Date;

(ii) another 33% of the total amount of the Euskaltel Shares subscribed for by Zegona on the Closing Date, starting as from the 18 months after the Closing Date; and

(iii) the remaining 34% of the total amount of the Euskaltel Shares subscribed for by Zegona on the Closing Date, starting as from the 24 months after the Closing Date ("Final Divestment Date").

11.3 Notwithstanding the provisions under Clauses 11.1 and 11.2 above, the Seller shall be entitled to distribute Euskaltel Shares to the shareholders of Zegona PLC (a "Distribution"), provided always that, (i) the Distributions are offered pro rata to all the shareholders of Zegona PLC; (ii) the Distributions are communicated to Euskaltel at least 15 Business Days in advance to the proposed date for the Distribution; (iii) the Distribution is carried out in compliance with Zegona PLC's governance rules and in accordance with the Spanish legislation (e.g., with special reference to the close periods applicable from time to time); and (iv) the Seller will not be entitled to effect any Disposal within the 3 months following the date of any Distribution.

11.4 The Seller acknowledges that a breach by Zegona of the rules and restrictions established in this Clause 11 could impact the orderly market trading of the Euskaltel Shares on the on the Bilbao, Barcelona, Madrid and Valencia stock exchanges and create a potentially negative perception among the investor community as a result of significant or successive disposals of the Euskaltel Shares by the Seller, which could damage Euskaltel and its shareholders (including the Seller itself)."

The Closing of the transaction, and therefore the entry into force of the lock-up provision, is subject to customary conditions precedent, as disclosed in further detail in the relevant fact filed with the CNMV on 16 May 2017 (number 252081).

The present Relevant Fact is notified in accordance with articles 530 et seq. of the restated text of the Spanish Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July (Texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio).

In Derio, 22 May 2017.

EUSKALTEL, S.A.
Francisco Javier Allende Arias
Secretary to the Board of Directors

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This relevant fact is an advertisement and does not constitute a prospectus and nothing herein contains an offering of securities. No one should purchase or subscribe for any shares in Euskaltel, S.A. except on the basis of the information contained in the prospectus to be approved by and registered with the Spanish National Securities Market Commission (“Comisión Nacional de Mercado de Valores” or "CNMV") in connection with the share capital increase of Euskaltel. Once approved by and registered with the CNMV, the prospectus will be published and made available at the website of the CNMV (www.cnmv.es) and Euskaltel (www.euskaltel.com).

Forward-looking statements

This communication contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) and information relating to Euskaltel that are based on the beliefs of its management as well as assumptions made and information currently available to Euskaltel, S.A. Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "plan", "expect", "anticipate", "estimate", "believe", "intend", "project", "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. Such statements reflect the current views of Euskaltel with respect to future events and are subject to risks, uncertainties and assumptions about Euskaltel and its subsidiaries and investments, including, among other things, the development of its business, trends in its operating industry, and future capital expenditures. In light of these risks, uncertainties and assumptions, the events or circumstances referred to in the forward-looking statements may not occur. None of the future projections, expectations, estimates or prospects in this communication should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, firm communication. Many factors could cause the actual results, performance or achievements of Euskaltel to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, the factors contained in the "Risk Factors" section of the prospectuses of Euskaltel, S.A. registered with the Spanish National Securities Market Commission on 19 June 2015 and 25 November 2015.

Euskaltel undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, new events or any other type of development.