



**EUSKALTEL, S.A. (Euskaltel or the Company)**, in accordance with article 228 of the restated text of the Securities Market Law approved by Royal Decree 4/2015 of 23 October, hereby announces the following

## RELEVANT FACT

Euskaltel informs that its Board of Directors, by virtue of the delegation granted by the Extraordinary General Shareholders' Meeting on November 12, 2015, under item three on its agenda, has today resolved to carry out a share capital increase through the issuance of 25,307,560 shares, with a nominal value of €3 per share, of the same class and series as the currently outstanding shares and represented by book entries (the **New Shares**), excluding pre-emption rights and with the possibility of incomplete subscription (the **Share Capital Increase**).

The issuance of the New Shares will be executed at their nominal value of €3 per share and a premium to be determined according to the outcome of the accelerated book-building procedure described in section "Placement Procedure" below, following its completion.

The New Shares will represent 20% of Euskaltel's share capital prior to the Share Capital Increase and 16.66% of its share capital following this transaction.

### 1. PURPOSE

The purpose of the Share Capital Increase is to enable the Company to pay the portion of the consideration to be paid by Euskaltel for the acquisition, directly or indirect, of all the shares of R Cable y Telecomunicaciones Galicia, S.A. (**R Cable**), which transaction was notified to the market by a relevant fact (number 229,405) dated October 6, 2015, which will not be financed with new indebtedness or available cash.

### 2. SUBSCRIPTION COMMITMENTS AND UNDERWRITING AGREEMENT

In connection with the Share Capital Increase, Abanca Corporación Industrial y Empresarial, S.L.U. (**Abanca**) and Alba Europe, S.à.r.l. (**Alba**), a company fully owned by Corporación Financiera Alba, S.A., have committed to subscribe Euskaltel's shares at the offer price to be determined taking into consideration market conditions and based on the outcome of the book-building process for an aggregate amount of approximately €130 million, €80.69 million of which correspond to Abanca's commitment already notified to the market by a relevant fact (number 229,405) dated October 6, 2015 and the remaining amount corresponds to Alba.

Furthermore, the Chairman of the Board of Directors and several members of Euskaltel's management team (together with Abanca and Alba, the **Committed Investors**) have expressed their intention to subscribe shares in the Share Capital Increase, at the offer price to be determined, for an aggregate amount of approximately €2.5 million, in discharge of the commitment undertaken by them in Euskaltel's initial share offering (**IPO**) to reinvest the net



proceeds from the settlement of the management incentive plans in shares and notified by the Company by a relevant fact (number 225,283) dated June 29, 2015.

In addition, Euskaltel has today entered into an underwriting agreement with Citigroup Global Markets Limited and UBS Limited (the **Joint Global Coordinators**) in respect of the portion of the Share Capital Increase not covered by the Committed Investors (the **Underwriting Agreement**). The Underwriting Agreement replaces and supersedes (except as otherwise provided therein) the Standby Underwriting Letter signed on October 6, 2015 by Euskaltel and the Joint Global Coordinators and has been entered into following the consent by the institutions acting as joint global coordinators of the Company's IPO completed on June 30, 2015, for the Company to execute the Share Capital Increase within the lock-up period of 180 days from the date of admission of the Company's shares' to trading on the Stock Exchanges on July 1, 2015. Additionally, Rothschild, S.A. is acting as financial advisor to Euskaltel in relation to the acquisition of R Cable and the Share Capital Increase.

The Underwriting Agreement includes a lock-up undertaking by Euskaltel not to issue or sell any shares without the previous consent of the Joint Global Coordinators, in the terms and with the exceptions customary in this kind of transactions, for a period of 90 days from the date of admission of the New Shares to trading on the Spanish Stock Exchanges.

Additionally, Abanca has undertaken to not transfer the New Shares subscribed by it in the Share Capital Increase, if any, in the same terms and for the same period as those accepted by Kutxabank, S.A. (Euskaltel's reference shareholder) in the IPO in June 2015 and described in the IPO prospectus.

In turn, the New Shares subscribed by the Chairman of the Board of Directors and members of Euskaltel's management team will be subject to the 360 day lock-up commitment undertaken by these persons from the date of initial admission to trading of Euskaltel shares' on the Spanish Stock Exchanges on July 1, 2015 and also described in the IPO prospectus.

### **3. PLACEMENT PROCEDURE**

The Share Capital Increase will be executed through a private accelerated book-building offering exclusively among qualified investors and the Committed Investors. As a result, the issuance of the New Shares does not constitute a public offer of securities.

This accelerated placement of the New Shares requires, in accordance with consolidated market practice, the exclusion of pre-emption rights, given that its terms and procedures are incompatible with a placement as foreseen.

The placement procedure will be carried out as follows:

- i. Upon publication of this relevant fact, the Joint Global Coordinators will commence the book-building period during which they will receive subscription orders from the qualified investors at which the Share Capital Increase is aimed. This period is expected to complete within a maximum period of one trading day.



- ii. Upon completion of the book-building period, the offer price of the New Shares will be determined on the basis of the order book of the private placement, and the subscription applications will be selected. Subsequently, the selected applications will be confirmed and the New Shares will be definitively allocated to the relevant qualified investors and to the Committed Investors. In any event, the Joint Global Coordinators have undertaken, under the Underwriting Agreement, to subscribe and pay for such New Shares, other than those covered by the subscription commitments of Committed Investors, are not subscribed by other investors.
- iii. Once the New Shares which are not the object of the Committed Investors' subscription commitment are allotted to qualified investors, such New Shares will be subscribed and fully paid by the Joint Global Coordinators, acting in their own name and on behalf of the final investors. Further, the Committed Investors will subscribe the New Shares included in their respective commitments and will carry out the disbursement acting in their own name. Subsequently, the public deed of the Share Capital Increase will be granted and filed with the Commercial Registry of Biscay; the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) will assign the relevant registry references (*referencias de registro*) to the New Shares; the Company will request that the CNMV verifies compliance with the requirements for the admission to listing of the New Shares and their admission to trading on the Spanish Stock Exchanges.
- iv. Subsequently, the New Shares paid up by the Joint Global Coordinators will be put through to the relevant final investors by means of a special transaction (*operación bursátil especial*) to be settled in accordance with the procedure set out by Iberclear for this kind of transactions. Payment by investors for the New Shares definitively allocated to them in the Share Capital Increase will take place following the above and not later than the settlement date of that transaction.

#### **4. NEW SHARES' RIGHTS**

The New Shares will be ordinary shares, of a single class and series and will confer the same voting and economic rights as the remaining Euskaltel ordinary shares currently outstanding.

#### **5. APPLICATION FOR ADMISSION TO LISTING**

Euskaltel will apply for the admission to listing of the New Shares on the Stock Exchanges of Bilbao, Barcelona, Madrid and Valencia, through the Automated Quotation System (*Sistema de Interconexión Bursátil - Mercado Continuo*). The New Shares are expected to be admitted to listing on the Stock Exchanges of Bilbao, Barcelona, Madrid and Valencia on November 25, 2015 with dealings on the shares commencing on November 26, 2015.

Given that the number of New Shares to be issued (considering the abovementioned possibility of incomplete subscription) exceeds 10% of the Company's shares already admitted to trading on the Spanish Stock Exchanges, Euskaltel will file with the CNMV a prospectus



(*folleto informativo*) with the contents required by annexes I, II, III and XXII of EU Regulation 809/2004 of 29 April for approval.

## **6. OUTCOME OF THE SHARE CAPITAL INCREASE**

The market will be notified by a relevant fact once the book-building process is completed and the final issue price of the New Shares the subject of the Share Capital Increase has been determined.

Finally, Euskaltel informs that, in accordance with the provisions of recommendation 5 of the Listed Companies' Good Governance Code (*Código de Buen Gobierno de las Sociedades Cotizadas*), the Board of Directors' report in relation to the Share Capital Increase and the report of the auditor other than the Company's auditor appointed by the Commercial Registry of Biscay in accordance with article 308 of the Spanish Companies Act will be available from today in Euskaltel's website ([www.euskaltel.com](http://www.euskaltel.com)).

Derio, November 23, 2015.

**EUSKALTEL, S.A.**

**Francisco Javier Allende Arias**  
**Secretary to the Board of Directors**



## IMPORTANT COMMUNICATION

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This relevant fact is an advertisement and does not constitute a prospectus and nothing herein contains an offering of securities. Euskaltel, S.A. will file with the Spanish National Securities Market Commission (*Comisión Nacional de Mercado de Valores* or "CNMV") for its approval a prospectus (*folleto informativo*) in connection with the admission to trading of the new shares issued in the share capital increase of Euskaltel, S.A. 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](http://www.cnmv.es)) and Euskaltel ([www.euskaltel.com](http://www.euskaltel.com)).

The Joint Global Coordinators are acting for the Company in connection with the Share Capital Increase and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Share Capital Increase or any other matter referred to herein. This announcement has been issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Global Coordinators or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

The Joint Global Coordinators or their respective affiliates from time to time have provided in the past, are currently providing and/or may provide in the future, investment banking, financial advisory, broker dealer and commercial banking services to the Company and its



affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions in connection with their services. In addition, one or more of the Joint Global Coordinators are lenders (either directly or through their affiliates) to the Company.

#### 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 Prospectus for the initial public offering of Euskaltel, S.A. registered with the Spanish National Securities Market Commission on June 19, 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.