



**EUSKALTEL, S.A. (Euskaltel o la Sociedad)**, in accordance with the provisions of Article 227 of the revised text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October, hereby notifies the following OTHER RELEVANT INFORMATION

**1. Annual General Meeting of Shareholders Supplementary Announcement**

The Annual General Meeting of Shareholders to be held on 2 June 2020 at 12:00 on first call, and the next day 3 June 2020 on second call will be held behind close door, providing the means to allow on line attendance.

The full text of the supplementary announcement to the Annual General Meeting call is attached. The supplementary announcement will also be published in the newspaper El País and on the corporate website [www.euskaltel.com](http://www.euskaltel.com).

**2. Long Term Incentive Plan 2020-2022**

As communicated to the market on January 28, 2020 by means of a communication of privileged information, the General Meeting of Euskaltel will proceed to deliberate, under Item no 12 of the Agenda, on the approval of a Long-Term Incentive Plan for the period 2020-2022 (the "Plan").

In order to provide more information on the Plan, additional information is provided with the main features in case it is approved by the General Meeting.

Derio, 7 de May 2020.



**EUSKALTEL, S.A.**  
**ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
**SUPPLEMENTARY ANNOUNCEMENT**

As already stated in the announcement of the call to meeting published on the corporate website on 23 April 2020 and in the “El País” newspaper on 27 April 2020, given the potential travel restrictions arising from the outbreak of the coronavirus disease (Covid-19) regulated in Royal Decree 463/2020 of 14 March declaring a state of alarm to manage the health crisis caused by COVID-19, the Board of Directors reserved the right to hold the Annual General Meeting of Shareholders behind closed doors, advising the shareholders thereof on the corporate website ([www.euskaltel.com](http://www.euskaltel.com)) and in the printed news media, in any case providing for the shareholders’ rights to participation and voting.

Given the potential continuation of restrictions on the date of the call to the Annual General Meeting of Shareholders, it will be held behind closed doors. Although two calls are provided for, it is expected that the required quorum will be met on first call, for which reason the Annual General Meeting of Shareholders will in all likelihood be held on 2 June 2020, unless the shareholders are advised otherwise on the corporate website ([www.euskaltel.com](http://www.euskaltel.com)) and in the daily press.

Therefore, Euskaltel hereby reports that:

- The date and time of the 2020 annual General Meeting of Shareholders, as well as all means of remote proxy-granting and voting, remain unchanged, in accordance with the procedures indicated in the announcement of the call to meeting and on the corporate website [www.euskaltel.com](http://www.euskaltel.com), the shareholders being reminded once again of the advisability of using these means.
- In order to provide for the exercise of the right to attend the General Meeting, Euskaltel also makes available to the shareholders the electronic means required to allow them to connect in real time (“on-line attendance”) in accordance with the rules set forth below.
- In accordance with the joint statement issued by the Registrars Association of Spain and the Spanish National Securities Market Commission on general shareholder meetings of listed companies dated 28 April 2020, the 2020 Ordinary General Shareholders’ Meeting will be held using electronic attendance methods regardless of whether the state of emergency declared as a result of the health crisis arising from COVID-19 has been lifted on the date of the General Meeting.

**ON-LINE ATTENDANCE.**

All holders of voting shares who have caused such shares to be registered in their name in the corresponding book-entry register at least five days in advance of the date on which the Annual General Meeting of Shareholders is to be held may attend and participate in the Annual General Meeting of Shareholders, with the rights to be heard and to vote.

- a) Prior registration: a shareholder who desires to attend on-line must access the corporate website through the “Proxy and voting electronically and On-Line Attendance” link located in the “General Meeting of Shareholders 2 June 2020” section and register in the manner instructed between 00:00 on 25 May and 24:00 on 1 June, identifying themselves with an electronic national identity document or through an electronic certificate issued by the Spanish Public Certification Authority (*Autoridad Pública de Certificación Española*) (CERES) within the Royal Spanish Mint (*Fábrica Nacional de Moneda y Timbre*).



Proxies granted to a shareholder attending on-line must have been provided prior to the registration thereof using any of the procedures set forth in the announcement of the call to meeting or authenticated by previously sending the proxy card to the e-mail address [accionista@euskaltel.com](mailto:accionista@euskaltel.com).

If the person appointed as proxy is not a shareholder, they must seek their prior registration through the shareholder office at the same e-mail address.

- b) Connection, attending the Meeting and voting: The mechanisms to remotely attend the meeting will be activated on Euskaltel's corporate website [www.euskaltel.com](http://www.euskaltel.com) at 11:15 (45 minutes before the meeting) on 2 June 2020 (on first call) or, if applicable, at 11:15 on 3 June 2020 (on second call).

A previously registered shareholder must connect to the Meeting between 11:15 and 11:45 on 2 June 2020. If the Meeting cannot be held on first call, the shareholder must connect the next day, during the same hours, for the holding thereof on second call.

No connection will be allowed after this time. Attendees who register in advance and do not subsequently connect to the meeting will not be considered attendees.

After making the connection, a shareholder may vote on the proposed resolutions until the end of each of the votes.

- c) Presentations and requests for information: a shareholder may ask to make a presentation at the General Meeting as well as ask questions and propose resolutions when registering in advance and at the time of connecting to the Meeting until 11:45 on the day the Meeting is held. The Secretary will read aloud the presentations of the shareholders during the period reserved for this purpose. The presentations will only appear in the minutes of the meeting if so expressly requested. If for any reason the right to receive information cannot be accommodated during the proceedings of the General Meeting, the information requested by the shareholder will be provided thereto in writing within the next seven days.
- d) Broadcast of the General Meeting: the General Meeting will also be broadcast live on the corporate website.
- e) In accordance with the joint statement issued by the Registrars Association of Spain and the Spanish National Securities Market Commission on general shareholder meetings of listed companies dated 28 April 2020, the 2020 Ordinary General Shareholders' Meeting will be held using electronic attendance methods regardless of whether the state of emergency declared as a result of the health crisis arising from COVID-19 has been lifted on the date of the General Meeting in order to protect the health of all shareholders.



**Summary of the Long-Term Incentive Plan for the period 2020-2022 addressed to the Chairman, the Chief Executive Officer, the General Secretary and certain directors, executives and key employees of Euskaltel, which is submitted for approval of the General Shareholders' Meeting of Euskaltel**

### **1. Primary objective of the Plan**

The Plan is intended to retain and provide incentives for the beneficiaries (i.e. the Chairman of the Board of Directors, the CEO, the General Secretary and certain directors, executives and key employees of Euskaltel), whose long-term employment is considered essential to meeting the challenges of the period 2020-2022, to stay at the company and to motivate such individuals to create long-term value for shareholders and other stakeholders of Euskaltel.

### **2. Overview and size of the Plan. Overall limit of the incentive payment.**

The Plan consists of an extraordinary variable incentive payment payable, in full or in part, through the delivery of Euskaltel shares. The Plan will allow the beneficiaries to share in the total value created for the shareholder over the period 2020-2022. Overall, the beneficiaries will be entitled to up to 4% of the total value created over such period.

In order for the full amount of the incentive to be accrued, a specific target linked to operating cash-flow performance must be achieved. The operating cash-flow is one of the key metrics under Euskaltel's 2020-2022 strategic plan. The degree of achievement of this target will determine the accrual of up to 15% of the total incentive.

### **3. Term**

The Plan has a duration of three years from the date of its approval by the Board on 27 January 2020 and will end on 31 December 2022.

### **4. Beneficiaries**

The Plan is addressed to the Chairman of the Board, the CEO and the General Secretary, as well as to certain executives and employees with employment or business relationship that, having been invited to participate in the Plan, have accepted the terms of the same in full and in writing and have informed the Company accordingly under the terms and within the timeframes set out in the invitation letter.

The Board may invite new beneficiaries to participate in the Plan during its term, in accordance with the Regulations of the Plan.

### **5. Calculation of the incentive**

The incentive will be calculated according to the following formula:

$$Incentive = NVC * \%_{NVC} * r$$

#### **(A) Net Value Creation (NVC)**

The net value creation is the measure of the value created for the Euskaltel shareholders during the term of the Plan. The Net Value Creation is calculated as the positive difference between the market capitalization of the company as of 31 December 2022 and the market capitalization as of 5



June 2019, including dividends paid over such period and other corporate transactions (including, but not limited to, capital increases).

(B) Percentage applicable to the Net Value Creation (%<sub>NVC</sub>)

The percentage applicable to the Net Value Creation will be determined in accordance with the following scale:

- (a) If the Net Value Creation is less than EUR 344.8 million, which implies a share price appreciation (including dividends) of up to 25.5% vs the initial reference value (i.e. EUR 7.57 per share), the applicable percentage will be 0%.
- (b) If the Net Value Creation is equal to or greater than EUR 2,041.9 million, which implies a minimum share price appreciation of 151% vs the initial reference value (i.e. EUR 7.57 per share), the applicable percentage will be 4%.
- (c) The percentage applicable to the Net Value Creation falling between EUR 344.8 million and EUR 2,041.9 will be determined by linear interpolation.

(C) Achievement Ratio (r)

The achievement ratio will depend on the level of achievement of an operating cash-flow target (before growth capital expenditures) to be determined by the Board, on the proposal of the Appointments and Remunerations Committee, and which will take into account the business plan approved by the Board for the term of the Plan.

In any event, the achievement ratio will fall within the range between 85% (for the minimum level of achievement of the operating cash-flow target) and 100% (for the maximum level of achievement of the operating cash-flow target), such that if the minimum operating cash-flow threshold is not achieved, and provided that the minimum share price appreciation level is met, only 85% of the total incentive will accrue.

## **6. Incentive corresponding to each beneficiary**

The incentive payment calculated as set out in the preceding section will be allocated to the beneficiaries in the proportions determined by the Board, on the proposal of the Appointments and Remunerations Committee. Such percentages will be communicated to each beneficiary through the invitation letter.

The percentages of the incentive corresponding to the Chairman of the Board and the CEO will be 4% and 28%, respectively. The remaining 68% will be allocated between the rest of the beneficiaries. The Board may also reserve a buffer for new participants.

## **7. Accrual of the incentive**

In order for the incentive to accrue, it will be necessary for the beneficiary to have an ongoing employment or business relationship with the company on the accrual date (i.e. 31 December 2022), without prejudice to section 9 below.



## **8. Settlement and delivery of the incentive**

The incentive will be paid to the beneficiaries within 30 calendar days from 31 December 2022. The settlement of the incentive will be carried out as follows:

- (a) An amount of at least 75% of the incentive will be paid through the delivery of Euskaltel shares.
- (b) The Board may pay up to 25% of the incentive in cash.

The number of shares to be delivered to the beneficiaries will be made by the company net of the applicable withholdings on account of personal income taxes and the corresponding Social Security contributions.

## **9. Termination of the business or employment relationship**

The Plan provides for customary good leaver and bad leaver provisions in the event that the employment or business contract with the beneficiary is terminated before the end of the accrual period. Specifically, in the good leaver situations the beneficiary will be entitled to receive the pro rata amount accrued up until termination of the contractual relationship, while in the bad leaver situations the beneficiary will not be entitled to receive any incentive payment.

## **10. Restricted period for the transfer of the shares received under the Plan**

The shares awarded (if any) to the beneficiaries under the Plan will be subject to a lock-up provision for a period of 12 months from the date of the delivery.

In addition, for a period of 12 months following the end of the lock-up period, the beneficiaries may only transfer the shares awarded under the Plan in accordance with an orderly sale procedure to be set out by the Board for this purpose. During this period, the beneficiaries will only be entitled to transfer up to 25% of the shares owned by each beneficiary in each quarter.

## **11. Change of Control**

The Plan includes customary change of control provisions in line with long-term incentive plans similar in nature, which might trigger the acceleration of vesting, whether in full or in part, of the Plan.

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