

**PROPOSALS FOR FORMULATED AGREEMENTS
BY THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING
OF SHAREHOLDERS OF MASMOVIL IBERCOM, S.A., ON MAY 8, 2019**

FIRST ITEM ON THE AGENDA

Examination and approval of the Individual Annual Accounts (Balance Sheet, Profit and Loss Account, Statement of Changes in Net Assets, Cash Flow Statement and Annual Report) and Individual Management Report of the Company corresponding to the fiscal year closed on December 31, 2018.

Approval of the Individual Annual Accounts (Balance Sheet, Profit and Loss Account, Statement of Changes in Net Assets, Cash Flow Statement, and Annual Report) and the Individual Management Report of the Company corresponding to the fiscal year closed on December 31, 2018, which were duly formulated by the Board of Directors of the Company at its meeting held on February 27, 2019, at the proposal of the Audit and Control Committee.

The Individual Annual Accounts of the Company have been audited by the Company's auditor, KPMG Auditores, S.L., through its Audit Report dated on February 27, 2019.

SECOND ITEM ON THE AGENDA

Examination and approval, as appropriate, of the Consolidated Annual Accounts (Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Statement of Changes in Consolidated Net Assets, Consolidated Cash Flow Statements and Consolidated Annual Report) and Consolidated Management Report of the Company and its subsidiaries for the year ended on December 31, 2018.

Approval of the Consolidated Annual Accounts (Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Net Assets, Consolidated Cash Flow Statements and Consolidated Annual Report) and the Consolidated Management Report of the Company and its subsidiaries for the year ended 31 December 2018, which were duly prepared by the Board of Directors of the Company at its meeting on 27 February 2019, at the proposal of the Audit and Control Committee.

The Consolidated Annual Accounts of the Company have been audited by the Company's auditor, KPMG Auditores, S.L., through its Audit Report dated on February 27, 2019.

THIRD ITEM ON THE AGENDA

Examination and approval of the proposed application of the Company's results for the financial year ended on December 31, 2018.

In view of the fact that the financial result of the Company's year results in losses amounting to FOURTEEN MILLION FOUR HUNDRED AND FIFTY SEVEN THOUSAND NINE HUNDRED NINETY AND SIX EUROS WITH THIRTY SEVEN CENTS (€14,457,996.37), the shareholders agree that the same are intended for negative results from previous years.

FOURTH ITEM ON THE AGENDA

Examination and approval of the proposed application of the Company's results for the financial year ended on December 31, 2018.

Approval of the social management carried out by the Board of Directors during the year ended on December 31, 2018.

FIFTH ITEM ON THE AGENDA

Re-election of KPMG Auditores, S.L. as auditors of the accounts of the Company and its Consolidated Group for the financial year 2019.

Re-election of KPMG Auditores, S.L. as auditor of the accounts of the Company and its Consolidated Group to audit the individual and consolidated accounts for fiscal year 2019, empowering the Board of Directors, with express power of substitution, to enter into the corresponding service lease contract, with the clauses and conditions it deems appropriate, and also being empowered to make the pertinent modifications in it in accordance with the legislation in force at any given time.

This resolution is adopted at the proposal of the Board of Directors and following a proposal from the Audit and Control Committee.

It is hereby stated that KPMG Auditores, S.L. has its registered office in Madrid, Paseo de la Castellana, nº 95, is the holder of CIF B-78510153, and is registered in the Official Register of Account Auditors (*Registro Oficial de Auditores de Cuentas*, ROAC), with number S0702, and at Madrid Company Registry in, Volume 11,961, Sheet 84, Section 8, Page M-188,007, 1st Entry.

SIXTH ITEM ON THE AGENDA

6.1 Re-election of Mr. Eduardo Díez-Hochleitner Rodríguez as Director of the Company, for the statutory term of four years.

Re-election, in accordance with the proposal of the Appointments and Remuneration Committee and following a report from this Committee and the Board of Directors, of Mr. Eduardo Díez-Hochleitner Rodríguez as a Director of the Company for the statutory period of four (4) years.

Mr. Eduardo Díez-Hochleitner Rodríguez has the category of Independent Director.

6.2 Re-election of Mr. Felipe Fernández Atela as director of the Company, for the statutory term of four years.

Re-election, in accordance with the proposal of the Appointments and Remuneration Committee and following a report from this Committee and the Board of Directors, of Mr. Felipe Fernández Atela as director of the Company for the statutory period of four (4) years.

Mr. Felipe Fernández Atela has the category of Independent Director.

6.3 Ratification of the appointment as Independent Director of Ms. Nathalie-Sophie Picquot, appointed by cooption by resolution of the Board on March 15, 2019.

Ratification of the appointment by cooptation of the shareholder Ms. Nathalie-Sophie Picquot, which took place at the meeting of the Board of Directors on March 15, 2019, in order to fill the vacancy caused by the resignation of Ms. Cristina Aldámiz-Echevarría González de Durana on March 15, 2019. Ms. Nathalie-Sophie Picquot accepted her appointment on March 15, 2019. She was also appointed as a new director of the Company for the statutory period of four (4) years, with effect from the date of adoption of this resolution.

Ms. Nathalie-Sophie Picquot is an Independent Director.

6.4 Ratification of the appointment of Rafael Canales Abaitua, appointed by cooption by resolution of the Board on March 15, 2019.

Ratification of the appointment by cooption of the shareholder Mr. Rafael Canales Abaitua, which took place at the meeting of the Board of Directors on March 15, 2019, in order to cover the vacancy caused by the resignation of Mr. Ángel García Altozano on March 15, 2019. Mr. Rafael Canales Abaitua accepted his appointment on March 15, 2019. Likewise, he was nominated as new director of the Company, for the statutory period of four (4) years, with effect from the date of adoption of this resolution.

Mr. Rafael Canales Abaitua has the category of proprietary director, representing the shareholder Onchena, S.L.U.

6.5 Acceptance of the resignation of Aldebarán Riesgo, S.C.R., S.A.

The resignation of the director Aldebarán Riesgo, S.C.R., S.A. through his physical representative, Mr. Antonio García Ortiz, with effect from the date of this Meeting, is hereby accepted, thanking him for the services rendered to the Company and for his dedication in the performance of his duties.

6.6 Appointment of Mr. Rafael Domínguez de la Maza as proprietary director, representing the shareholder Global Portfolio Investments, S.L.

Appointment of Mr. Rafael Domínguez de la Maza, as new member of the Board of Directors of the Company, for the statutory term of four (4) years.

Mr. Rafael Domínguez de la Maza has the category of proprietary director, representing the shareholder Global Portfolio Investments, S.L.

SEVENTH ITEM ON THE AGENDA

Consultative vote on the Annual Report on Directors' Remuneration for the year ended on December 31, 2018.

Approval, on a consultative basis, of the Annual Report on Directors' Remuneration for the year ended on December 31, 2018, which is attached as an **Annex**.

Annex
Annual Report on Directors' Remuneration for fiscal year 2018

**ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS
OF LISTED COMPANIES**

TRANSMITTER IDENTIFICATION DATA

END OF REFERENCE YEAR 31/12/2018

VAT NO. A20609459

Company name: **MASMOVIL IBERCOM, S.A.**

Registered office: Parque Empresarial Zuatzu, Edificio Easo, 2ª Planta, 20018 San Sebastián (Guipúzcoa).

ANNUAL REPORT ON REMUNERATIONS OF THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the current directors' remuneration policy applicable to the current fiscal year. To the extent relevant, certain information may be included by reference to the remuneration policy approved by the general meeting of shareholders, provided that the incorporation is clear, specific and precise.

A description must be provided of the specific provisions for the current fiscal year, both for the remuneration of directors for their status as such and for the performance of executive functions, which the board has carried out in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the general meeting.

In any case, at least the following aspects must be reported:

- Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its conditions.
- Indicate and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.
- Information on whether any external advisor has participated and, if so, the identity of the advisor.

Regarding the remuneration policy applicable to Masmovil Ibercom, S.A. ("**Másmóvil**" or the "**Company**") for the fiscal year from January 1 to December 31, 2018, the resolution contained in point nine of the Agenda of the Ordinary General Shareholders' Meeting of Másmóvil, dated May 4, 2018, approved by the aforementioned Meeting in compliance with the provisions of article 529 novodecies of the current Corporations Law (the "**Remuneration Policy**"), shall apply. The Remuneration Policy comprises the following remuneration scheme:

1. Remuneration of the members of the Board in their capacity as such: the maximum limit of the remuneration for all the members of the Board for the financial year 2019, in their capacity as such, shall be 1,125,000 euros.

The Board of Directors shall determine the remuneration of each director as such, considering the functions and responsibilities attributed to each director, membership of Board Committees and any other objective circumstances it considers relevant.

Likewise, the Company has taken out civil liability insurance for the members of the Board under market conditions with the insurance companies QBE Insurance

(Europe), Ltd., Branch in Spain, XL Insurance Company, Branch in Spain (AXA) and AIG Europe, Branch in Spain.

2. Remuneration of the executive director: the remuneration of the CEO, Mr. Meinrad Spenger, established in the commercial contract, comprises the following systems:

a) Fixed remuneration: this amounts to an annual gross amount of €350,000, which will be reviewed annually (and with effect from January 1 of each year) by application of the variation in the CPI (Consumer Price Index) for each financial year, if it is positive.

In addition to this fixed remuneration, the Chief Executive Officer will receive remuneration in kind, such as the individual availability of a company vehicle, medical insurance, fuel, life insurance and restaurant tickets, for a maximum total annual amount of up to €19,000.

The Chief Executive Officer does not receive any remuneration for being an administrator.

b) Variable remuneration: this remuneration includes the following components for fiscal year 2019:

i) Variable annual remuneration consisting of 50 per cent of the gross annual salary linked to the attainment of 100 per cent of certain corporate operational and financial objectives, up to a maximum of 85 per cent if these operational and financial objectives are exceeded above the maximum range values established for each of them.

ii) An extraordinary annual bonus linked to the achievement of corporate financial objectives that may not exceed 143 per cent of the fixed gross annual salary.

iii) Participation in the Shares Appreciation Rights' Plan, approved by the Extraordinary General Shareholders' Meeting of Másmóvil on March 1, 2017, through the assignment of 570,000 rights on the revaluation of the Másmóvil share, taking as the initial value of the share the amount of €27.4767 per share.

It should be noted that the Board of Directors of the Company, after executing the split of the shares of the Company in the proportion of five new shares for each old one, which had effect on the Spanish Stock Exchanges on December 13, 2018, and in exercise of clause 15 of the General Conditions of the Plan, approved at its meeting on December 18, 2018, make the necessary adjustments (i) increase the number of rights to participate in the increase in the value of the Company's shares in relation to those initially granted on the grant date, and (ii) adapt the initial reference value, so that the economic value to be received on the settlement of the rights would be equivalent to that which would have corresponded to the beneficiaries had the Company's shares not been split.

Consequently, the number of rights assigned to the Chief Executive Officer and the initial reference value of the share within the framework of the aforementioned Rights Plan, duly updated, would be as follows:

- Number of rights assigned to the Chief Executive Officer: $570,000 \times 5 = 2,850,000$ rights.

- Initial share reference value: $\text{€}27.4767 / 5 = \text{€}5.4953$

iv) To these three components will be added a three-year variable remuneration, which will accrue at the end of fiscal year 2021, if applicable, and which is linked to Business Plan 2019-2021, in particular, to the achievement of certain financial and business objectives of the Másmóvil Group.

The main terms and conditions of the Chief Executive Officer's contract, as set out in the Remuneration Policy, are also set out below:

i) Duration: the Chief Executive Officer's contract is of indefinite duration.

ii) Exclusivity: while exercising executive functions, the executive director may not engage in any other type of remunerated activity, as well as any other direct or indirect participation in the activities of other companies, except with the prior express written authorisation of the Board of Directors, subject to a favourable report by unanimity of the Company's Appointments and Remuneration Committee. Authorisation is not required in the case of the acquisition of shares or other holdings for the sole purpose of investing his private assets.

iii) Post-contractual non-competition agreement: the Chief Executive Officer may not, within a period of one year following the termination of his relationship with the Company, either by himself or jointly with other persons, and regardless of whether he does so directly or indirectly, in his own name or through the provision of services for another third party telecommunications operator, provide his services in or for those territories in which the Company or its investee companies could, at any time, develop their business.

As a result of the inclusion of the agreement referred to in the preceding paragraph, the Company shall pay the Chief Executive Officer a sum equal to that which he received as gross annual remuneration (for all remuneration items) in the year in which his relationship with the Company expires.

iv) Term of notice for termination of the Chief Executive Officer's contract: six months. Such notice shall not be applicable when the termination is due to breach of the obligations of the other party to whom the contract is terminated.

v) Indemnification for termination of the contract of the Chief Executive Officer: this will depend on the cause of the termination, as indicated below:

- In the event that the contract is terminated by decision of Másmóvil, for reasons other than the Chief Executive Officer's failure to comply with his contractual

obligations, Másmóvil shall pay compensation consisting of an amount equal to a total annual gross remuneration (including all remunerated items) that the Chief Executive Officer had been receiving at the time the contract was terminated.

For the foregoing purposes, in no case may the gross amount mentioned be less than the amount resulting from applying 45 days per year worked from March 16, 2006 to February 12, 2012 plus 33 days per year worked from February 13, 2012 to the date of contractual termination.

- As a result of company succession, the Chief Executive Officer shall be entitled to receive compensation from the Company, consisting of an amount equal to three total gross annual remunerations (all remunerative items included) that the Chief Executive Officer was receiving at the time of the termination of the contract.

In the event that the gross annual remuneration for all remuneration items exceeds €300,000, the additional compensation referred to will be two gross annual remunerations (all items included).

- In the event that the termination of the contract is requested by the Chief Executive Officer as a result of non-compliance of the Company's contractual obligations, the Company shall be obliged to pay the Chief Executive Officer an indemnity consisting of an amount equal to the total gross annual remuneration (all remunerative items included) that the Chief Executive Officer was receiving at the time of the termination of the contract.

Also, if as a result of a company succession, the working conditions of the Chief Executive Officer are substantially altered, the Chief Executive Officer could request the termination of his contract with Másmóvil and would be entitled to an indemnity equivalent to three times the total annual remuneration (all remunerative items included).

The aforementioned Remuneration Policy will be applicable for the current financial year 2019 and for the financial year 2020, unless the General Shareholders' Meeting of Másmóvil approves its modification or substitution.

Finally, the information relating to the specific issues of this section A.1 is provided below:

Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its conditions:

The Board of Directors of Másmóvil approved the Company's Directors' Remuneration Policy at its meeting on June 30, 2017 (that is, prior to the admission of the Company's shares to trading on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, which took place on July 14, 2017). This internal policy of Másmóvil establishes that it is the Board of Directors, at the proposal of the Appointments and Remuneration Committee, the competent body to decide, within the global limit established in the Articles of Association and in accordance with the law, on the remuneration of directors, except for remuneration consisting of the

delivery of shares in the Company or of option rights over them or which is referenced to the value of the Company's shares, which must be approved by the General Shareholders' Meeting.

Also, in accordance with the provisions of article 511. Bis of the Law on Capital Companies, the approval of the Remuneration Policy is a matter reserved for the General Meeting of Shareholders. The remuneration paid to the members of the Board of Directors of the Company may not contravene the provisions of said remuneration policy. Within this framework, the Board of Directors will subsequently be the body that:

a) Determines the remuneration of each director, as such, which will take into account the functions and responsibilities attributed to each director, membership of board committees and any other objective circumstances that it considers relevant.

b) Establishes the remuneration of directors for performing executive functions and the terms and conditions of their contracts, in accordance with the directors' remuneration policy approved by the General Assembly.

Finally, the aforementioned internal policy of Másmóvil contains the commitment of the Board of Directors to make effective the principle of full transparency of all remuneration items received by all directors, providing transparent and sufficient information, issued with the necessary advance notice and in line with the recommendations of good governance of general recognition in the markets with regard to the remuneration of directors.

Indicate and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy:

Yes, a group of companies with a market capitalisation and a level of dedication similar to Másmóvil has been taken into account.

Information on whether any external advisor has participated and, if so, the identity of the advisor:

Yes, the Appointments and Remuneration Committee and the Board of Directors itself were advised by the firm SpencerStuart in relation to the determination of the Remuneration Policy to be proposed to the Ordinary General Shareholders' Meeting on May 4, 2018, particularly in relation to the remuneration of independent directors.

- The relative importance of variable remuneration items with respect to the fixed (remuneration mix) and what criteria and objectives have been taken into account in their calculation and in order to guarantee an appropriate balance between the fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to adjust it to the company's long-term objectives, values and interests, including, where appropriate, a reference to measures envisaged to ensure

that the remuneration policy takes account of the long-term performance of the company, measures adopted in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile and measures envisaged to avoid conflicts of interest, where appropriate.

Likewise, state whether the company has established any period of accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a period of deferral in the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed to reduce deferred remuneration or oblige the director to return remuneration received, when such remuneration has been based on data the inaccuracy of which has subsequently been clearly demonstrated.

Relative importance of variable remuneration items with respect to fixed remuneration items.

The remuneration of non-executive directors in their capacity as such is made up entirely of fixed components, the calculation of which is made on the basis of the position held on the Board itself and membership of the different Committees.

The remuneration of the Managing Director for his executive functions consists of the following elements:

- a) A fixed remuneration, the purpose of which is to compensate for the level of responsibility and performance;
- b) A variable annual remuneration linked to the achievement of fixed, specific and quantifiable objectives, taking EBITDA as a reference (earnings before interest, taxes, depreciation and amortization);
- c) A long-term incentive consisting of the granting of rights under the Shares Appreciation Rights' Plan.
- d) Compensation in kind (use of vehicle, medical insurance, fuel, life insurance and restaurant tickets).
- e) Three-year variable remuneration, which will accrue at the end of fiscal year 2021, if applicable, and which is linked to Business Plan 2019-2021 to the achievement of certain financial and business objectives of the Másmóvil Group.

All of them seek to guarantee the total compensation of the Chief Executive Officer, which is adequate and competitive to attract the best professionals, with a relevant weight being given to the total variable remuneration (annual and the one corresponding to the long-term incentive).

It is expected that, if the objectives set for fiscal year 2019 are met, the variable remuneration will be a percentage higher than the total remuneration of the Chief Executive Officer for 2018, a percentage discounted from that received in execution of the Company's Share Option Plan.

Shares and measures implemented by Másmóvil in relation to the system of remuneration of its directors.

In relation to the questions raised regarding the shares and measures implemented by the Company in relation to the remuneration system for the members of the Board, it should be noted first of all that the variable remuneration of the Chief Executive Officer (as well as that of other executives who are not directors of Másmóvil) is linked, as has been pointed out above, to compliance with different operational and financial business values, the details of which are listed below. Likewise, in relation to the incentive plan described above, it is linked to the increase in the share price on the Continuous Market, thereby aligning the interests of the Chief Executive Officer and the other beneficiaries of said plan with the interests of the Company's shareholders.

Likewise, and generally speaking, the Company's internal policy on directors' remuneration, which was approved by a resolution of the Board of Directors on June 30, 2017, seeks to ensure that directors' remuneration is appropriate to the dedication and responsibility assumed, and in line with that satisfied in the market in comparable companies at national level, taking into consideration the long-term interests of all shareholders. In any case, directors do not receive any other remuneration than that indicated below.

It should also be noted that the Board of Directors of Másmóvil approved at its meeting on May 22, 2017 the Procedure for Conflicts of Interest and Transactions Related to Directors, Significant Shareholders and Senior Management, in order to establish a regulated procedure for communicating any conflict of interest and also to prevent people affected by a conflict of interest from taking decisions on the aforementioned matter, abstaining from participating in the deliberation and voting on the matter in question.

Finally, in terms of good corporate governance in remuneration matters, the Appointments and Remuneration Committee respects the criteria of independence in its composition and deliberations.

Establishment of periods of consolidation or deferral of the payment of the remuneration of the members of the Board.

The consolidation of the rights assigned to the Chief Executive Officer within the framework of the Shares Appreciation Rights' Plan is linked to the fact that the Chief Executive Officer (as well as the other executive beneficiaries of the Company) maintain an employment (common or special senior management) or mercantile relationship, in the case of the Chief Executive Officer, with the Company, on the date of payment of the aforementioned incentive. No other director receives remuneration other than that described below.

- Amount and nature of the fixed components expected to accrue to directors in their capacity as such during the year.

The maximum amount of the total remuneration on an annual basis for all members of the Board, for the year 2019, will be 1,125,000 euros, which has been distributed among the members of the Board, by agreement of this body dated February 27, 2019, as indicated below, which includes the changes made on March 15, 2019 in the composition of the Board:

CONSEJEROS	Remuneración Consejo de Administración (€)		Remuneración Comisión de Auditoría (€)		Remuneración Comisión de Nombramientos y Retribuciones (€)		Remuneración en Bruto (€)
	Presidencia	Vocalía	Presidencia	Vocalía	Presidencia	Vocalía	
Eduardo Díez-Hochleitner Rodríguez	72.000,00	80.000,00		14.000,00		10.000,00	176.000,00
Key Wolf, S.L.		80.000,00					80.000,00
Don Josep María Echarri Torres		80.000,00		14.000,00			94.000,00
Don Felipe Fernández Atela		80.000,00			30.000,00		110.000,00
Don Antonio García Ortiz		80.000,00					80.000,00
Rafael Canales Abaitua		80.000,00					80.000,00
Nathalie-Sophie Picquot		80.000,00					80.000,00
John Hahn		80.000,00				10.000,00	90.000,00
Robert Sudo		80.000,00		14.000,00			94.000,00
Borja Fernández Espejel		80.000,00	40.000,00				120.000,00
Pilar Zulueta de Oya		80.000,00		14.000,00			94.000,00
TOTAL							1.098.000,00

- Amount and nature of the fixed components that will be accrued in the year for the performance of senior management functions of the executive directors.

During fiscal year 2019, the Chief Executive Officer will receive a fixed remuneration of 350,000 gross per annum, increased by the variation in the CPI this year.

- Amount and nature of any component of remuneration in kind that will be accrued in the financial year including, but not limited to, the insurance premiums paid in favour of the director.

During fiscal year 2019, the Chief Executive Officer will receive remuneration in kind (individual availability of a company vehicle, medical insurance, fuel, life insurance and restaurant tickets) for a maximum total annual amount of up to €19,000.

- Amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters,

including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, an explanation of the extent to which these parameters relate to the performance of both the director and the entity and its risk profile, and the methodology, period required and techniques envisaged to determine, at the end of the year, the degree of compliance with the parameters used in the design of the variable remuneration.

Indicate the range in monetary terms of the different variable components according to the degree of compliance with the objectives and parameters established, and whether there is any maximum monetary amount in absolute terms.

Amount and nature of the variable components, differentiating between those established in the short and long term.

The only long-term remuneration plan in force in Másmóvil that affects only one director, of which the Chief Executive Officer is the beneficiary, is the Shares Appreciation Rights' Plan (the "**Plan**") approved by the Extraordinary General Shareholders' Meeting on March 1, 2017. The Plan, of which certain executives selected by the Board, at the proposal of the Appointments and Remuneration Committee, are also beneficiaries, commenced on March 1, 2017 and has a maximum duration of three (3) years and six (6) months. The Plan has the following characteristics:

- Description and object: The Plan consists of granting a certain number of rights that may result in extraordinary variable remuneration in cash based on the increase in the value of the Company's shares over a certain period of time, taking their market value as a reference. The aforementioned Company Share Revaluation Rights Plan is not an options plan.

- Duration: from its approval on March 1, 2017 up to a maximum duration of three (3) years and six (6) months. The period of time to be taken into consideration for the purposes of computing the increase in the value of the shares began on March 1, 2017 and will end when the period of three years and six months has elapsed.

- Beneficiaries: the Company's Chief Executive Officer, among other executives.

- Number of rights over the revaluation of the shares affected by the Plan: the number of rights over the revaluation of the shares to be assigned to all the beneficiaries amounts to a maximum of 1,700,000 rights, 570,000 rights having been attributed by the Shareholders' Meeting to the Chief Executive Officer. It should be noted that the total number of Plan rights and those corresponding to the Chief Executive Officer, after the share split referenced in the first section of section A.1 of this report, amounted to 8,500,000 and 2,850,000, respectively.

- Value of the shares to be taken as a reference: for the calculation of the variable remuneration of which the Plan consists, the initial unit value of the Company's shares is taken as the weighted average price during the last ninety trading sessions prior to the date on which the shares were granted to each beneficiary, that is,

€27.4767 per share (€5.4953 following the execution of the share split). The final unit value will be the weighted average market price during the last ninety trading sessions prior to the final date for calculating the revaluation, thus generating a differential between the initial price assigned and the final price calculated. This differential multiplied by the number of rights will give rise to the extraordinary variable remuneration in cash to be received by the beneficiaries of this Plan.

Therefore, for the purposes of calculating the variable remuneration of the aforementioned Plan in favour of the Chief Executive Officer, the initial value shall be 27.4767 Euros (5.4953 Euros after the execution of the share split), and the final value shall be the weighted average share price of the Company during the ninety (90) trading sessions prior to the Final Date for calculating the revaluation. The difference between the initial price and the final price, if any, multiplied by the number of rights granted to the Chief Executive Officer, will determine his variable remuneration under this Plan.

- Consolidation of rights: the rights shall be consolidated in accordance with the following schedule: (i) between the commencement date and the first year in which the Plan is in force, no rights will be consolidated; (ii) from the first year in which the Plan is in force until the final date for calculating the revaluation, between 20% and 70% of the rights initially granted will be consolidated on a linear basis according to the months elapsed during this period; (iii) once the final date for calculating the revaluation has passed, and until the date of payment, it will be understood that 100% of the rights granted are consolidated.

However, if the total EBITDA growth of Másmóvil between 2017 and 2019 is less than 10%, 30% of the rights granted to each beneficiary will be extinguished.

- Conditions for the liquidation of the Plan: the beneficiaries will be entitled to the incentive, provided that (i) the EBITDA growth objective is met between 2017 and 2019, in accordance with the Group's consolidated annual accounts, and (ii) certain minimum objectives are met for 2017, established for each of the beneficiaries in their corresponding letter of invitation to the Plan.

Likewise, it will be a necessary condition for the beneficiary to be entitled to the payment of the Incentive deriving from the Plan, if any, that the beneficiary maintains an employment (common or special senior management) or mercantile relationship in the case of the Chief Executive Officer, with the Company, on the date of payment of the incentive, without prejudice to the cases of early liquidation that may be established.

As regards the short-term variable remuneration of the Chief Executive Officer in fiscal year 2018, this includes the following elements:

a) Variable annual remuneration consisting of 50 per cent of the gross annual salary linked to the attainment of 100 per cent of certain corporate operational and financial objectives, up to a maximum of 85 per cent if these operational and

financial objectives are exceeded above the maximum range values established for each of them.

b) An extraordinary annual bonus linked to the achievement of corporate financial objectives that may not exceed 143 per cent of the gross fixed annual salary.

Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, an explanation of the extent to which these parameters relate to the performance of both the director and the entity and its risk profile, and the methodology, period required and techniques envisaged to determine, at the end of the year, the degree of compliance with the parameters used in the design of the variable remuneration.

The criteria taken into account in determining compliance with the objectives to which the aforementioned variable remuneration is subject are operational and financial corporate objectives, as well as the increase in the share price in the case of the Company's Share Revaluation Rights Plan, which allow an objective way to establish the contribution of the effort, dedication and creation of value of the Chief Executive Officer in favour of the Company and its shareholders. The parameters used to determine short-term variable remuneration for 2018 refer to targets for the number of customers in different modalities, service revenues, the percentage of new customers in different categories, the number of new real estate units with optical fibre, the net unit cost of the previous fibre deployment, EBITDA, the deviation in days from the dates on which portability materialises, and customer satisfaction. Likewise, the social, environmental and climate change criteria, although they do not constitute objective elements expressly provided for in the variable remuneration of the Chief Executive Officer, are assessed by the Appointments and Remuneration Committee and by the Board of Directors in the overall assessment of the performance.

The degree of compliance with these objectives is analysed by the Board of Directors, following a favourable report from the Appointments and Remuneration Committee and with the collaboration and advice of the different departments of the Company (mainly commercial and financial).

Range in monetary terms of the different variable components depending on the degree of compliance with the objectives and parameters established, and whether there is any maximum monetary amount in absolute terms.

The information requested in relation to each of the variable remuneration components of the Chief Executive Officer is indicated below:

a) Shares Appreciation Rights' Plan: this Plan is linked to the increase in the price of the Másmóvil share on the Continuous Market. It is not linked to the fulfilment of objectives, but to the criterion of maintenance by the beneficiaries of an employment (common or special senior management) or mercantile relationship in the case of the Chief Executive Officer, with the

Company, on the date of payment of the incentive. However, if the total EBITDA growth of Másmóvil between 2017 and 2019 is less than 10%, 30% of the rights granted to each beneficiary will be extinguished.

b) Variable annual remuneration consisting of 50 per cent of the annual gross salary linked to the attainment of 100 per cent of certain corporate operating and financial objectives: a maximum of this remuneration of 85 per cent of the gross salary is set, if the operating and financial objectives exceed the established maximum values.

- c) Extraordinary annual bonus: a maximum of this remuneration of 143 per cent of his fixed gross annual salary is set. Main characteristics of long-term savings systems. Among other information, the contingencies covered by the system, if it is a defined contribution or defined benefit system, the annual contribution to be made to defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions of consolidation of the economic rights in favour of the directors and their compatibility with any type of payment or indemnity for termination or early termination, or deriving from the termination of the contractual relationship, under the terms envisaged, between the company and the director will be indicated.

Indicate whether the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the short and long-term performance of the director.

There are no remunerations consisting of savings systems in favour of the directors, in their capacity as such, nor in favour of the Chief Executive Officer, for their executive functions.

- Any type of payment or indemnity for early termination or termination of the contractual relationship under the terms established between the company and the director, whether the termination at the will of the company or of the director, as well as any type of agreed pacts, such as exclusivity, post-contractual non-attendance and permanence or loyalty, which give the director the right to any type of payment.

The compensation that would correspond to the Chief Executive Officer in the event of the termination of his contract with Másmóvil and the compensation corresponding to the post-contractual non-competition agreement are shown below:

Indemnity for termination of the contract of the Chief Executive Officer: the amount of the aforementioned indemnity will depend on the reason for the termination of his contract, as indicated below:

- In the event that the contract is terminated by decision of Másmóvil, for reasons other than the Chief Executive Officer's failure to comply with his contractual obligations, Másmóvil shall pay compensation consisting of an amount equal to a

total gross annual remuneration (including all remunerated items) that the Chief Executive Officer had been receiving at the time the contract was terminated.

For the foregoing purposes, in no case may the gross amount mentioned be less than the amount resulting from applying 45 days per year worked from March 16, 2006 to February 12, 2012 plus 33 days per year worked from February 13, 2012 to the date of contractual termination.

- As a result of company succession, the Chief Executive Officer shall be entitled to receive compensation from the Company, consisting of an amount equal to three total gross annual remunerations (all remunerative items included) that the Chief Executive Officer was receiving at the time of the termination of the contract.

In the event that the gross annual remuneration for all remuneration items exceeds €300,000, the additional compensation referred to will be two gross annual remunerations (all items included).

- In the event that the termination of the contract is requested by the Chief Executive Officer as a result of non-compliance of the Company's contractual obligations, the Company shall be obliged to pay the Chief Executive Officer an indemnity consisting of an amount equal to the total gross annual remuneration (all remunerative items included) that the Chief Executive Officer was receiving at the time of the termination of the contract.

Also, if as a result of a company succession, the working conditions of the Chief Executive Officer are substantially altered, the Chief Executive Officer could request the termination of his contract with Másmóvil and would be entitled to an indemnity equivalent to three times the total annual remuneration (all remunerative items included).

Post-contractual non-competition agreement: the Chief Executive Officer may not, within a period of one year following the termination of his relationship with the Company, either by himself or jointly with other persons, and regardless of whether he does so directly or indirectly, in his own name or through the provision of services for another third party telecommunications operator, provide his services in or for those territories in which the Company or its investee companies could, at any time, develop their business.

As a result of the inclusion of the agreement referred to in the preceding paragraph, the Company shall pay the Chief Executive Officer a sum equal to that which he received as gross annual remuneration (for all remuneration items) in the year in which his relationship with the Company expires.

The Chief Executive Officer does not receive any other type of remuneration for his exclusive agreement with the Company, nor is the beneficiary of any permanence or loyalty programme.

- Indicate the conditions that must be respected in the contracts of those exercising senior management functions as executive directors. Among others, information

will be provided on the duration, the limits on the amounts of compensation, the permanence clauses, the notice periods, as well as the payment as a replacement for the aforementioned notice period, and any other clauses relating to contractual bonuses, as well as indemnities or golden parachutes for early termination or termination of the contractual relationship between the company and the executive director. Include, among others, pacts or agreements of non-competition, exclusivity, permanence or loyalty and post-contractual non-competition, unless explained in the previous section.

Duration: indefinite.
Limits to the amounts of compensation: these are indicated in the previous section.
Permanence clauses: there are no permanence obligations in the contract of the Chief Executive Officer.
Notice periods in the event of termination of the contract: six months. Such notice shall not be applicable when the termination is due to breach of the obligations of the other party to whom the contract is terminated. The possibility of payment in substitution of said notice is not foreseen.
There are no clauses relating to contractual bonuses, indemnities or golden parachute clauses for early termination or termination of the contractual relationship between the Company and the Chief Executive Officer.
Exclusivity agreement: while exercising executive functions, the Chief Executive Officer may not engage in any other type of remunerated activity or in any other direct or indirect participation in the activities of other companies, except with the prior express written authorisation of the Board of Directors, subject to a favourable report by unanimity of the Company's Appointments and Remuneration Committee. Authorisation is not required in the case of the acquisition of shares or other holdings for the sole purpose of investing his private assets.
Post-contractual non-competition agreement and indemnity payment: this is indicated in the preceding section.

- The nature and estimated amount of any other supplementary remuneration that will be accrued by the directors in the current fiscal year in consideration for services rendered other than those inherent to their position.

It should be noted that the director Mr. Josep María Echarri Torres (who has the category of proprietary director, representing the Inveready Group, formed by the shareholders Inveready Seed Capital, S.C.R. S.A., Inveready Evergreen, S.C.R. S.A., Inveready Capital Company, S.L., The Nimo's Holding, S.L.), through its company The Nimo's Holding, S.L. signed a contract on January 1, 2018 for the provision of strategic, corporate and financial consulting and advisory services to Másmóvil, which includes, for 2019, the following remuneration:

a) Fixed component: €23,000 gross/month plus ordinary expenses.

b) Variable component for 2018: this includes an annual bonus of €300,000, based on the annual EBITDA targets set before April 30, 2019, and a bonus linked to the increase in recurrent EBITDA in 2019 compared to that obtained in 2018, which will be set at the following amounts:

- If the increase exceeds €30 million, the bonus will amount to €300,000.
- If the increase exceeds €40 million, the bonus will amount to €450,000.
- If the increase exceeds €50 million, the bonus will amount to €700,000.
- If the increase exceeds €60 million, the bonus will amount to €800,000.
- If the increase exceeds €75 million, the bonus will amount to €1,200,000.
- If the increase exceeds €90 million, the bonus will amount to €1,500,000.

The aforementioned remuneration is received by The Nimo's Holding, S.L., for the provision of its advisory and business services in favour of Grupo Másmóvil, and not for its status as administrator or for its executive powers, which it does not have. It should also be noted that the bonus indicated in second place above is conditional on the continuation of the contractual relationship between The Nimo's Holding, S.L. and Másmóvil as of December 31, 2019.

The aforementioned contract for the provision of financial and business advisory services between Másmóvil and Josep María Echarri Torres was approved by the Board of Directors on January 1, 2018, following a favourable report from the Company's Audit and Control Committee, due to its status as a related-party transaction. Mr. Josep María Echarri Torres abstained from intervening in the deliberation and voting of the matter referred to the subscription of the merited contract, due to being in conflict of interest.

Likewise, the Audit Committee and the Board of Directors of Másmóvil had the opinion, through a Fairness Opinion, issued by BDO Auditores SLP, that the remuneration terms of the aforementioned contract were reasonable from the financial point of view for the shareholders of Másmóvil.

- Other remuneration items such as those derived, where appropriate, from the granting by the company of advances, loans and guarantees and other remunerations to the director.

There is no remuneration of any kind in favour of the directors, in their capacity as such, nor in favour of the Chief Executive Officer, which will accrue in 2019, as advances, loans or guarantees.

- The nature and estimated amount of any other supplementary remuneration not included in the previous sections, whether paid by the entity or another entity of the group, which will be accrued by the directors in the current financial year.

There is no other type of remuneration in favour of the directors, in their capacity as such, nor in favour of the Chief Executive Officer, which will accrue in the current financial year 2019.

It should be noted that the Chief Executive Officer is a director or individual representative of the sole director, Masmovil Ibercom, S.A., of the subsidiary companies belonging to the Másmóvil Group, although he does not receive any type of remuneration for such positions.

A.2 Explain any relevant change in the remuneration policy applicable in the current financial year arising from:

- A new policy or a modification of the policy already approved by the Board.
- Significant changes in the specific determinations established by the Board for the current year regarding the current remuneration policy with respect to those applied in the previous year.
- Proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and that are proposed to be applicable to the current fiscal year.

Changes deriving from a new policy or a modification of the policy already approved by the Board.

The main novelties in 2018 in terms of remuneration of the Board of Directors were motivated by the admission of the shares of Másmóvil to trading on the Spanish Continuous Market (that is, the Stock Exchanges of Madrid, Barcelona, Valencia and Bilbao), on July 14, 2017, and with this admission, the acquisition by Másmóvil of the status of listed company, as this term is defined in article 495 of the Companies Act, and, consequently, the application of the special regime for this type of company provided for in the aforementioned legal text. Thus, until May 3, 2018, the resolution of the Ordinary General Shareholders' Meeting, held on June 22, 2017, relating to the approval of the maximum amount of remuneration of the Company's directors, in their capacity as such, was in force and was set at €750,000 for the period between July 1, 2017 and June 30, 2018.

Since May 4, 2018, the Remuneration Policy approved by the General Shareholders' Meeting on that date has been in force, and is extensively described in this report.

Significant changes in the specific determinations established by the Board for the current year regarding the current remuneration policy with respect to those applied in the previous year.

The fixed remunerations of the members of the Board have been updated, respecting the maximum limit set for 2019 by the Ordinary General Shareholders' Meeting of May 4, 2018.

Proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and that are proposed to be applicable to the current fiscal year.

A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://www.grupomasmovil.com/wp-content/uploads/2018/04/180403_MMI_Politica-de-Remuneraciones-de-los-Consejeros.pdf

A.4 Explain, taking into account the data provided in section B.4, how the vote of the shareholders was taken into account at the general meeting at which the annual remuneration report for the previous year was submitted to a consultative vote.

Following the Ordinary General Meeting held on May 4, 2018, the Board of Directors analyzed, in view of the voting report prepared by the recounting agent of said Meeting, the votes against the Annual Report on Directors' Remuneration for fiscal year 2017, and also assessed the improvements to be made to it for the 2018 report.

B A GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FISCAL YEAR

B.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration reflected in section C of this report. This information shall include the role played by the remuneration committee, the decisions taken by the board of directors and, where applicable, the identity and role of the external advisers whose services have been used in the process of applying the remuneration policy in the closed financial year.

The Appointments and Remuneration Committee met 10 times during fiscal year 2018 to analyse and propose recommendations of resolutions to the Board, if any, on matters within its competence, in particular, on the remuneration of the Chief Executive Officer and, in general, that of the members of the Board of Directors. In particular, it has met on three occasions, corresponding to the first three meetings of the year, for the analysis and study of the Remuneration Policy to be proposed by the Board for approval by the 2018 Ordinary General Meeting. Consequently, the aforementioned Committee participated in the preparation of the Remuneration Policy, reporting favourably to the Board for its proposal to the General Shareholders' Meeting.

All the members of the Committee attended these meetings, which led to 100% attendance at the Committee meetings.

The Committee and the Board of Directors have taken into consideration the report of the firm SpencerStuart in relation to the determination of the Remuneration Policy to be proposed to the Ordinary General Shareholders' Meeting on May 4, 2018.

- B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reduce the exposure to excessive risks and adjust it to the objectives, values and long-term interests of the company, including a reference to the measures that have been adopted to guarantee that the remuneration accrued has been in line with the long-term results of the company and that an appropriate balance has been achieved between the fixed and variable components of remuneration, what measures have been adopted in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile, and what measures have been adopted to avoid conflicts of interest, if any.

The long-term remuneration plans in favour of the Chief Executive Officer have been linked to the increase in the share price of Másmóvil, which represents a substantial alignment of the Company's growth and good performance with the shareholders' own interests.

Likewise, the first level executives (not members of the Board) also form part of the long-term remuneration plans implemented to date, and therefore, their interests are aligned with those of the shareholders.

Finally, with regard to conflicts of interest, it should be noted that the Board of Directors of Másmóvil approved at its meeting on May 22, 2017 the Procedure for Conflicts of Interest and Related Transactions with Directors, Significant Shareholders and Senior Management, in order to establish a regulated procedure for communicating any conflict of interest and also to prevent people affected by a conflict of interest from taking decisions on the aforementioned matter, abstaining from participating in the deliberation and voting on the matter in question.

There is also a register of related-party transactions and conflicts of interest, both for directors and executives of the Másmóvil Group.

- B.3 Explain how the remuneration accrued during the year complies with the provisions of the remuneration policy in force.

Also report on the relationship between the remuneration obtained by directors and the company's short and long-term results or other performance measures, explaining, where appropriate, how variations in the company's performance may have influenced the variation in directors' remuneration, including accrued remuneration that has been deferred, and how these contribute to the company's short and long-term results.

The remuneration accrued in fiscal year 2018 has been strictly adjusted to

the provisions of the Directors' Remuneration Policy for fiscal years 2018, 2019 and 2020, it being necessary to stress that the maximum amounts established in each case have not been exceeded (in particular, with respect to the fixed remuneration of the members of the Board, in their capacity as such, for fiscal year 2018, and the remuneration in kind of the Chief Executive Officer).

The members of the Board do not receive any variable remuneration, but only a fixed remuneration, which is assigned by the Board of Directors each year, in accordance with the maximum limit set by the General Meeting.

In relation to the Chief Executive Officer, part of his remuneration accrued in 2018 has been of a variable nature, linked to financial and business objectives, which, once compliance has been verified by the Appointments and Remuneration Committee, has been satisfied, with the approval of the Board of Directors. As a result, for the payment of the aforementioned remuneration, the objectives that led to the Group's growth during the last financial year have been met. Likewise, in the case of the variable remuneration linked to the increase in the share price, i.e. the Share Option Plan approved by the Ordinary General Meeting of Shareholders of Másmóvil on June 23, 2016, this has meant, precisely because of the significant increase in the share price on the Continuous Market (and previously on the Alternative Stock Market), a significant revaluation of the shares for the Company's shareholders.

B.4 Report on the result of the consultative vote of the general meeting on the annual report on remuneration for the previous year, indicating the number of negative votes, if any:

	Number	% of total
Votes cast	16,045,771	80.425%

	Number	% over votes cast
Negative votes	81,113	80.508%
Votes in favour	15,709,573	97.905
Abstentions	231,278	1.441%

Observations
It should be noted that the two main proxy advisors, Glass Lewis and Institutional Shareholder Services Inc. (ISS), recommended voting in favour of the consultative approval of the 2017 Annual Directors' Remuneration Report, as reflected in their reports published on April 12 and 19, 2018, respectively.
Finally, it should be noted that the total number of votes corresponding to all the shares issued on the date of the Annual General Meeting on May 4, 2018,

amounted to 10,951,100. The 23,807 treasury shares were taken into account for the purposes of calculating the quorum for constitution and the majorities required for the adoption of resolutions, although their voting rights were suspended, as indicated in art. 148 of the Law on Capital Companies.

B.5 Explain how the fixed components accrued during the year by the directors in their capacity as such were determined, and how they varied with respect to the previous year.

The distribution of the maximum annual remuneration of the members of the Board, in their capacity as such, among them was approved by resolution of the Board of Directors on May 4, 2018, taking into account the functions and responsibilities attributed to each director, membership of Board Committees and other relevant objective circumstances.

The variation (increase) in the remuneration received by the members of the Board in 2018 compared to 2017 was 30.76%.

B.6 Explain how the salaries accrued during the year ended by each executive director for the performance of management duties were determined and how they varied with respect to the previous year.

The fixed remuneration of the CEO in 2018, which has not changed with respect to that received in 2017 (therefore, it continues to be set at €350,000 gross per year) was approved by the Ordinary General Meeting on May 4, 2018 as part of the Directors' Remuneration Policy for 2018, 2019 and 2020. In determining the specific amount, the Appointments and Remuneration Committee and the Board of Directors of Másmóvil assessed the functions performed by Mr. Meinrad Spenger and his contribution to the creation of value for the Company and its shareholders, it being fair and appropriate to remunerate him in accordance with market standards and those of companies comparable to Másmóvil, taking into account the business sector, billing data and future growth.

B.7 Explain the nature and main characteristics of the variable components of the remuneration systems accrued in the year ended.

In particular:

- Identify each of the remuneration plans that determined the different variable remunerations accrued by each of the directors during the year ended, including information on their scope, date of approval, date of implementation, accrual periods and validity, criteria used to evaluate performance and how this has impacted on the determination of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to adequately measure all the conditions and criteria stipulated.

In the case of share option plans or other financial instruments, the general characteristics of each plan shall include information on the conditions both for

acquiring unconditional ownership (consolidation) and for exercising such options or financial instruments, including the price and term of exercise.

- Each of the directors, and their category (executive directors, external proprietary directors, external independent directors or other external directors), who are beneficiaries of remuneration systems or plans that include variable remuneration.
- Where applicable, information shall be provided on the established accrual or deferral periods that have been applied and/or the periods of retention/disposal of shares or other financial instruments, if any.

Explain the short-term variable components of remuneration systems
<p>The short-term variable remuneration of the Chief Executive Officer includes the following:</p> <ol style="list-style-type: none">1. An annual variable remuneration consisting of 50 per cent of his gross annual salary linked to the attainment of 100 per cent of certain corporate operational and financial objectives, up to a maximum of 85 per cent if these operational and financial objectives are exceeded above the maximum range values established for each of them.2. An extraordinary annual bonus linked to the achievement of corporate financial objectives that may not exceed 143 per cent of the gross fixed annual salary. <p>Both systems were approved by the Board in 2018.</p>

Explain the long-term variable components of the remuneration systems
<p>Below is a description of the two remuneration plans implemented by the Company to date, in which no member of the Board has participated, with the exception of the Chief Executive Officer, who is an executive:</p> <ol style="list-style-type: none">1. Company Stock Option Plan, approved by the Ordinary General Shareholders' Meeting of Másmóvil on June 23, 2016: <p>The remuneration through the delivery of 125,000 shares as a conversion of the 125,000 convertible debentures into shares of the Share Option Plan, which took place in 2018, in favour of the Chief Executive Officer, amounted to €12,232,212.50. The conversion price of each obligation, amounting to 20.42 euros, was paid by the Chief Executive Officer himself, and the reference value of the shares for delivery purposes was 118.2777 euros. Consequently, the gross profit of the 125,000 shares was 12,232,212.50 euros.</p> <p>Consequently, this plan has been executed and is no longer in force.</p> <p>The plan had the following characteristics:</p>

- Description and purpose: through the Option Plan, the Company granted the beneficiaries, free of charge, a certain number of non-transferable Options, which will give the right to acquire ownership of an ordinary share of the Company through the acquisition and immediate and automatic prior conversion of a convertible obligation into a share.
- Duration: from its approval on June 23, 2016 until its completion on May 9, 2018.
- Beneficiaries: the Company's Chief Executive Officer (125,000 options), among other executives.
- Number of options: 500,000 options, representing 2.5% of the Company's current share capital.
- Exercise price: €20.42 per obligation. The price corresponds to the value resulting from the weighted average of the Company's share price on the Alternative Stock Market during the 140 sessions immediately prior to September 30, 2015, the date of approval by the Board of Directors of Másmóvil of the Options Plan for the management team of Grupo Másmóvil.
- Permanence of the beneficiaries in Másmóvil: it will be necessary for the beneficiary to have maintained an uninterrupted employment relationship, whether ordinary, special, senior management or commercial, with the Group during the duration of the Options Plan.
- Conversion of debentures: the debentures are necessarily convertible into shares of the Company.
- Conversion date: this will be the date of the Board of Directors' resolution to approve the capital increase through the conversion of the debentures into shares, which will in any case be prior to May 31, 2018.

2. Shares Appreciation Rights' Plan, approved by the Extraordinary General Meeting of Shareholders of Másmóvil on March 1, 2017: duly described in section A.1 of this report. It is noted, however, that this plan is still in force and has not yet been executed.

B.8 Indicate whether certain variable components have been reduced or claimed back when, in the first case, the payment has been consolidated and deferred or, in the second case, consolidated and paid, on the basis of data whose inaccuracy has subsequently been manifestly demonstrated. Describe the amounts reduced or refunded by the application of the reduction or refund clauses (clawback), why they have been executed and the years to which they correspond.

No claims have been made against the Chief Executive Officer or any other member of the Board of Directors.

B.9 Explain the main characteristics of long-term savings systems whose amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor's benefit, which are partially or totally financed by the company, whether endowed internally or externally, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies it covers, the conditions of consolidation of the economic rights in favour of the directors and its compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.

There are no savings systems in favour of the Chief Executive Officer or the other members of the Board.

B.10 Explain, if applicable, the indemnities or any other type of payment deriving from early termination, whether at the will of the company or of the director, or from the termination of the contract, under the terms provided therein, accrued and/or received by the directors during the closed financial year.

No compensation or other remuneration has been accrued by the members of the Board for the termination or termination of their contracts, nor for their mere status as directors, nor for their executive functions, in the case of the Chief Executive Officer.

B.11 Indicate whether there have been any significant changes in the contracts of those exercising senior management functions as executive directors and, if so, explain them. Likewise, explain the main conditions of the new contracts signed with executive directors during the year, unless they have already been explained in section A.1.

In fiscal year 2018, no changes were made to the Chief Executive Officer's contract.

The main conditions of the Chief Executive Officer's contract are set out in section A.1.

B.12 Explain any supplementary remuneration accrued to the directors as consideration for services rendered other than those inherent to their position.

The appropriate explanation is provided in section B.16. There is no type of supplementary remuneration for services other than those inherent to the position of director, other than that indicated in section B.16.

B.13 Explain any remuneration deriving from the granting of advances, loans and guarantees, indicating the interest rate, their essential characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

There is no remuneration of any kind in favour of the directors, in their capacity as such, nor in favour of the Chief Executive Officer, which has accrued during the financial year 2018, by way of advances, credits or guarantees.

B.14 Detail the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

The only director who has accrued remuneration in kind, as it is contemplated in his commercial contract with the Company, has been the Chief Executive Officer, Mr. Meinrad Spenger. The amount accrued in this respect last year was €13,110.76, which is therefore lower than the maximum annual limit initially established in the Remuneration Policy approved by the Ordinary General Shareholders' Meeting held on 4 May 2018, for an amount of €19,000.

The aforementioned remuneration in kind consisted of the use of a company vehicle, fuel, medical insurance, life insurance and restaurant tickets.

B.15 Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director's services in the company.

No director has received any remuneration under the concept indicated in this section.

B.16 Explain any other item of remuneration other than the foregoing, regardless of its nature or the entity of the group that satisfies it, especially when it is considered a related-party transaction or when its issue distorts the true and fair view of the total remuneration earned by the director.

The director Mr. Josep María Echarri Torres (who has the proprietary category, representing the Inveready Group, formed by the shareholders Inveready Seed Capital, S.C.R. S.A., Inveready Evergreen, S.C.R. S.A., Inveready Capital Company, S.L. and The Nimo's Holding, S.L.), through its company, The Nimo's Holding, S.L., has received, in consideration for his business and financial advisory services in favour of the Company, as stated in the contract for the provision of strategic, corporate and financial advisory and consultancy services, signed with the Company, on January 1, 2018, a fixed remuneration during fiscal year 2018 of €290,400.

It is noted that the Board of Directors of Másmóvil approved the signing of the aforementioned contract as an operation with related parties, with the favourable report of the Audit and Control Committee of the Company, and also had the opinion, through a Fairness Opinion, issued by BDO Auditores SLP, that the remuneration terms of the aforementioned contract were reasonable from the financial point of view for the shareholders of Másmóvil.

C **DETAILS OF THE INDIVIDUAL REMUNERATIONS CORRESPONDING TO EACH OF THE DIRECTORS**

Name	Type	Accrual period for the financial year t
Eduardo Díez-Hochleitner Rodríguez	Independent	From 01/01/2018 to 31/12/2018
Meinrad Spenger	Executive	From 01/01/2018 to 31/12/2018
Key Wolf, S.L. (José Eulalio Poza Sanz)	Proprietary	From 01/01/2018 to 31/12/2018
Josep María Echarri Torres	Proprietary	From 01/01/2018 to 31/12/2018
Felipe Fernández Atela	Independent	From 01/01/2018 to 31/12/2018
Ángel Manuel García Altozano	Proprietary	From 01/01/2018 to 31/12/2018
Cristina Aldámiz-Echevarría González de Durana	Proprietary	From 01/01/2018 to 31/12/2018
John Carl Hahn	Proprietary	From 01/01/2018 to 31/12/2018
Robert Sudo	Proprietary	From 01/01/2018 to 31/12/2018
Borja Fernández Espejel	Independent	From 01/01/2018 to 31/12/2018
Pilar Zulueta de Oya	Independent	From 01/01/2018 to 31/12/2018
Antonio García Ortiz	Proprietary	From 01/01/2018 to 27/06/2018
Aldebarán Riesgo, S.C.R., S.A. (Antonio García Ortiz)	Proprietary	From 28/06/2018 to 31/12/2018

C.1 Complete the following tables with respect to the individualized remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the year.

a) Remuneration of the company covered by this report:

i) Accrued remuneration in cash (in thousands of €)

Name	Fixed remuneration	Allowances	Remuneration for belonging to board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other	Total year t	Total for year t-1
Eduardo Díez-Hochleitner Rodríguez	156.56317	0	0	0	0	0	0	0	156.56317	111
Meinrad Spenger	0	0	0	350.05004	610.25	0	0	13.11076	973.4108	462
Key Wolf, S.L. (José Eulalio Poza Sanz)	63.80645	0	0	0	0	0	0	0	63.80645	44
Josep María Echarri Torres	75.75806	0	0	0	0	0	0	290.4	366.15806	50
Felipe Fernández Atela	92.09946	0	0	0	0	0	0	0	92.09946	68
Ángel Manuel García Altozano	63.80645	0	0	0	0	0	0	0	63.80645	44
Cristina Aldámiz-Echevarría González de Durana	63.80645	0	0	0	0	0	0	0	63.80645	44
John Carl Hahn	72.61156	0	0	0	0	0	0	0	72.61156	49
Robert Sudo	75.75806	0	0	0	0	0	0	0	75.75806	50
Borja Fernández Espejel	100.39247	0	0	0	0	0	0	0	100.39247	71
Pilar Zulueta de Oya	75.75806	0	0	0	0	0	0	0	75.75806	50

Antonio García Ortiz	27.20645	0	0	0	0	0	0	0	27.20645	44
Aldebarán Riesgo, S.C.R., S.A. (Antonio García Ortiz)	36.6	0	0	0	0	0	0	0	36.6	0

Observations
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(ii) Table of movements in share-based remuneration systems and gross profit on consolidated shares or financial instruments

Name	Designation of the Plan	Financial instruments at beginning of year t		Financial instruments granted during financial year t		Consolidated financial instruments in the year				Overdue and unexercised instruments	Financial instruments at end of year t	
		No. of instruments	No. of Equivalent shares	No. of instruments	No. of Equivalent shares	No. of instruments	No. Equivalent / Consolidated shares	Consolidated share price	Gross profit on consolidated shares or financial instruments (€ thousand)	No. of instruments	No. of instruments	No. of Equivalent shares
Meinrad Spenger	Másmóvil Stock Option Plan approved by the Ordinary General Meeting of June 23, 2016	125,000	125,000	0	0	0	€125,000	€2,552,500 (€20.42/share)	€12,232,212.50	0	0	0
	Rights Plan on the Revaluation of Másmóvil Shares approved by the Extraordinary General Meeting of March 1, 2017	2,850,000	0	0	0	0	0	0	0	0	2,850,000	0

Observations
The Rights Plan on the Revaluation of Másmóvil Shares is explained in section A.1.

iii) Long-term savings systems

No.

iv) Details of other items

Name	Concept	Remuneration amount
Josep María Echarri Torres	The remuneration received by the director Mr Josep María Echarri Torres indicated in this section is explained in section B.16 of this report.	€290,400

Observations

b) Remuneration of company directors for belonging to the boards of other group companies:

i) Accrued remuneration in cash (in thousands of €)

No.

(ii) Table of movements in share-based remuneration systems and gross profit on consolidated shares or financial instruments

No.

iii) Long-term savings systems

No.

iv) Details of other items

No.

c) Summary of remuneration (in thousands of €):

The summary must include the amounts corresponding to all the items included in this report that have been accrued by the director, in thousands of euros.

Name	Accrued remuneration in the Company					Accrued remuneration at group companies				
	Total remuneration in cash	Gross profit on consolidated shares or financial instruments	Remuneration from savings systems	Remuneration from other items	Total company t financial year	Total remuneration in cash	Gross profit on consolidated shares or financial instruments	Remuneration from savings systems	Remuneration from other items	Total t financial year
Eduardo Díez-Hochleitner Rodríguez	156.56317	0	0	0	156.56317	0	0	0	0	0
Meinrad Spenger	960.30004	12,232.2125	0	13.11076	13,205.6233	0	0	0	0	0
Key Wolf, S.L. (José Eulalio Poza Sanz)	63.80645	0	0	0	63.80645	0	0	0	0	0
Josep María Echarri Torres	75.75806	0	0	290.4	366.15806	0	0	0	0	0
Felipe Fernández Atela	92.09946	0	0	0	92.09946	0	0	0	0	0
Ángel Manuel García Altozano	63.80645	0	0	0	63.80645	0	0	0	0	0
Cristina Aldámiz-Echevarría González de Durana	63.80645	0	0	0	63.80645	0	0	0	0	0
John Carl Hahn	72.61156	0	0	0	72.61156	0	0	0	0	0
Robert Sudo	75.75806	0	0	0	75.75806	0	0	0	0	0
Borja Fernández Espejel	100.39247	0	0	0	100.39247	0	0	0	0	0

Pilar Zulueta de Oya	75.75806	0	0	0	75.75806	0	0	0	0	0
Antonio García Ortiz	27.20645	0	0	0	27.20645	0	0	0	0	0
Aldebarán Riesgo, S.C.R., S.A. (Antonio García Ortiz)	36.6	0	0	0	36.6	0	0	0	0	0
Total:	1,864.47	12,232.21	0	303.51	14,100.19	0	0	0	0	0

Observations

D OTHER INFORMATION OF INTEREST

If there is any relevant aspect of directors' remuneration that could not be included in the rest of the sections of this report, but which is necessary to include in order to collect more complete and reasoned information on the structure and remuneration practices of the company in relation to its directors, give a brief description.

It is hereby stated that the Chief Executive Officer, Mr. Meinrad Spenger, has not received in fiscal year 2018 any remuneration for his mere condition of director (in his condition as such), nor will he receive it in fiscal year 2019.

This annual remuneration report was approved by the company's Board of Directors at its meeting held on March 28, 2019.

Indicate whether any directors voted against or abstained in relation to the approval of this Report.

Yes

No

Name or corporate name of the members of the board of directors who did not vote in favour of the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

EIGHTH ITEM ON THE AGENDA

8.1 Amendment of article 34 ("Mode of deliberation and adoption of resolutions") of the Articles of Association.

Amendment of Article 34 of the Articles of Association, which shall be worded as follows, with the repeal of the previous version:

"ARTICLE 34 - MODE OF DELIBERATION AND ADOPTION OF RESOLUTIONS.

1. The Chairman of the Board of Directors shall open the meeting and direct the debates, giving the opportunity to speak to each of the attendees.

Once the Chairman considers that a matter has been sufficiently debated, he shall submit it to a vote, with each member of the Board, present or represented, having one vote.

2. Board resolutions shall be adopted by an absolute majority of the votes of the directors present or duly represented at the meeting, with the exception of those cases in which the Law, these Articles of Association or the Regulations of the Board of Directors require any other reinforced majority.

3. Voting shall be admitted in writing and without a meeting when none of the members of the Board objects to the procedure.

The discussions and resolutions of the Board shall be recorded in a book of minutes which shall be signed by the Chairman and the Secretary of the Board of Directors".

8.2 Deletion of Articles 50 and 51 of the Articles of Association.

Deletion of articles 50 and 51 of the Articles of Association.

NINTH ITEM ON THE AGENDA

Authorisation to reduce the period for calling Extraordinary General Meetings, in accordance with the provisions of article 515 of the Spanish Companies Act.

In accordance with the provisions of article 515 of the Spanish Companies Act, it is resolved to authorise and approve that extraordinary general meetings of the Company may be called at least fifteen (15) days in advance, provided that the Company offers shareholders the effective possibility of voting by electronic means accessible to all of them. This authorisation is granted until the date of the next ordinary general meeting of the Company.

Notwithstanding the foregoing, the Company, through its Board of Directors, will make its best efforts to ensure that, in the event of making use of the authorisation, the period of notice is 21 days, in accordance with international standards of good corporate governance in this matter.

TENTH ITEM ON THE AGENDA

Delegation of powers for the formalization, correction, registration, interpretation, development and execution of the resolutions adopted by the General Meeting and power to formalize the deposit of the annual accounts.

Empower all the members of the Board of Directors, including the Non-Director Secretary, Mr. Alberto Castañeda González, so that any of them, jointly and severally, may (i) appear before a Notary Public in order to notarise the aforementioned resolutions, as well as grant the corresponding public deed, with the pacts, declarations and statements that are appropriate and derive, directly or indirectly, from said resolutions; (ii) make any necessary or convenient clarifications or corrections and, in general, grant those private and/or public documents necessary for the execution of the preceding agreements, as well as the necessary acts for registration in the corresponding public registers of such agreements; and, in particular, (iii) submit to the Mercantile Registry, for deposit, the certification of the resolutions approving the annual accounts and the application of the result, attaching the documents that are legally required, as well as granting as many public or private documents as may be necessary until the corresponding registration of the resolutions adopted in the Mercantile Registry, including the request for partial registration, with powers, even, for their correction or rectification in view of the verbal or written qualification of the Mercantile Registry.