



Julián Martínez-Simancas
General Secretary and Secretary to the Board of Directors

Bilbao, 20 February 2015

To the National Securities Market Commission

Re: Publication of the notice of the Ordinary General Shareholders' Meeting of Iberdrola, S.A. and documentation made available to the shareholders

Dear Sirs,

Pursuant to article 82 of Law 24/1988 of 28 July on the securities market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) and related provisions and further to our notice of significant event (*comunicación de hecho relevante*) dated 17 February 2015 (official registry number 218,694), we hereby notify you that the notice of the call to the Ordinary General Shareholders' Meeting of Iberdrola, S.A. (the "**Company**") to be held on 27 or 28 March on first and second call, respectively, has been published today, 20 February 2015 on the Official Gazette of the Mercantile Registry (*Boletín Oficial del Registro Mercantil*), the newspapers "Deia" and "El Correo" and the corporate website of Iberdrola (www.iberdrola.com), with the agenda communicated in the above referred notice of significant event. Such notice of the call, which will remain uninterruptedly accessible in the corporate website of the Company at least until the holding of the General Shareholders' Meeting, is attached hereto.

Likewise, the proposed resolutions and directors reports in relation to the different items of the agenda of the referred General Shareholders' Meeting are attached hereto. Such proposed resolutions and directors reports, together with the rest of the documentation relating to the General Shareholders' Meeting, will be available to the shareholders of the Company on its registered office and its corporate website as described in the notice of the call.

Yours faithfully,

General Secretary and Secretary to the Board of Directors

NOTICE. This document is a translation of a duly approved Spanish language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish language document which this translation is intended to reflect, the text of the original Spanish language document shall prevail.



IMPORTANT INFORMATION

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities. The shares of IBERDROLA, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

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2015 GENERAL SHAREHOLDERS' MEETING

Place, date, and time of meeting

The Board of Directors of IBERDROLA, S.A. has resolved to call a General Shareholders' Meeting, which will be held as part of the activities to be carried out by reason of Shareholder Day, at Palacio Euskalduna in Bilbao (avenida Abandoibarra número 4), on Friday 27 March 2015, at 11:30, on first call, or, if the required quorum is not met, on the next day, 28 March 2015, at the same place and time. Shareholder registration desks will be open as from 08:30. Although two calls are provided for, it is expected the required quorum will be met on first call, for which reason the General Shareholders' Meeting will in all likelihood be held on Friday 27 March 2015.

Agenda

ITEMS RELATING TO THE ANNUAL ACCOUNTS, THE MANAGEMENT OF THE COMPANY, AND THE AUDITOR:

First.- Approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2014.

Second.- Approval of the individual management report of the Company and of the management report of the Company consolidated with that of its subsidiaries for financial year 2014.

Third.- Approval of the management and activities of the Board of Directors during financial year 2014.

Fourth.- Re-election of Ernst & Young, S.L. as auditor of the Company and of its consolidated group for financial year 2015.

ITEMS RELATING TO SHAREHOLDER COMPENSATION:

Fifth.- Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2014.

Sixth.- Increases in share capital by means of scrip issues in order to implement two new editions of the "Iberdrola Flexible Dividend" system.

A.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 777 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition



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of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

B.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 886 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

ITEM RELATING TO THE COMPOSITION OF THE BOARD OF DIRECTORS:

Seventh.- Renewal of the Board of Directors.

A.- Ratification of the interim appointment and re-election of Mr José Walfredo Fernández as director, with the status of external independent director.

B.- Ratification of the interim appointment and re-election of Ms Denise Mary Holt as director, with the status of external independent director.

C.- Ratification of the interim appointment and re-election of Mr Manuel Moreu Munaiz as director, with the status of other external director.

D.- Re-election of Mr Ángel Jesús Acebes Paniagua as director, with the status of external independent director.

E.- Re-election of Ms María Helena Antolín Raybaud as director, with the status of external independent director.

F.- Re-election of Mr Santiago Martínez Lage

as director, with the status of external independent director.

G.- Re-election of Mr José Luis San Pedro Guerenabarrena as director, with the status of other external director.

H.- Re-election of Mr José Ignacio Sánchez Galán as director, with the status of executive director.

ITEMS RELATING TO THE UPDATE OF THE CORPORATE GOVERNANCE SYSTEM:

Eighth.- Amendments of the *By-Laws* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance, to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

A.- Amendment of the current Title I (*The Company, its Share Capital, and its Shareholders*).

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (*The General Shareholders' Meeting*).

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (*Management of the Company*).

D.- Amendment of the current Titles III and IV, which now become the new Titles IV (*Breakthrough of Restrictions in the Event of Takeover Bids*) and V (*Annual Accounts, Dissolution, and Liquidation*), and elimination of the current Title V (*Final Provisions*).

Ninth.- Amendments of the *Regulations for the General Shareholders' Meeting* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance, and to include other improvements in the area of corporate governance and of a technical nature.

A.- Amendment of the Preliminary Title and of Title I (*Function, Types, and Powers*).

B.- Amendment of Titles II (*Call to the General Shareholders' Meeting*), III (*Right to Attend and Proxy Representation*) and IV (*Infrastructure and Equipment*).

C.- Amendment of Title V (*Conduct of the General Shareholders' Meeting*).

D.- Amendment of Titles VI (*Voting and Adoption of Resolutions*), VII (*Closure and Minutes of the Meeting*) and VIII (*Subsequent Acts*).

ITEM RELATING TO A REDUCTION IN SHARE CAPITAL:

Tenth.- Approval of a reduction in share capital by means of the retirement of 148,483,000 own shares representing 2.324% of the share capital of IBERDROLA, S.A. Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the powers to amend the article of the *By-Laws* governing

share capital and to apply for the removal from trading of the retired shares and for the removal thereof from the book-entry registers.

ITEM RELATING TO GENERAL MATTERS:

Eleventh.- Delegation of powers to formalise and implement all resolutions adopted by the shareholders at the General Shareholders' Meeting, for conversion thereof into a public instrument, and for the interpretation, correction, supplementation thereof, further elaboration thereon, and registration thereof.

ITEM RELATING TO THE RESOLUTION SUBMITTED TO A CONSULTATIVE VOTE:

Twelfth.- Consultative vote regarding the *Annual Director Remuneration Report* for financial year 2014.

Shareholder's Guide

In order to encourage the informed participation of the shareholders during Shareholder Day, and particularly in the General Shareholders' Meeting, the Board of Directors has prepared a *Shareholder's Guide*, conceived as an efficient and user-friendly tool, available on the corporate website (www.iberdrola.com) and at the Office of the Shareholder.

Attendance Bonus

In order to promote the participation of the shareholders at the General Shareholders' Meeting, the Company will pay an **attendance bonus in the gross amount of 0.005 euro per share** for shares duly represented thereat in person or by proxy.

Participation: Attendance, Proxy Representation, and Absentee Voting

All holders of voting shares who have caused such shares to be registered in their name in the corresponding book-entry register not later than 22 March or 23 March 2015, depending on whether the General Shareholders' Meeting is held on first or second call, respectively, may attend and participate in the General Shareholders' Meeting, with the rights to be heard and to vote.

In order to facilitate the participation of all shareholders, the Company will make available the equipment required for the simultaneous interpretation of presentations made in Spanish into Euskera (Basque), English, and Portuguese, as well as for the

consecutive interpretation into Spanish of the presentations of shareholders wishing to use the floor in Euskera, English, or Portuguese during the General Shareholders' Meeting. The Company will also adopt the measures necessary for shareholders with mobility, auditory, or visual limitations to participate in the General Shareholders' Meeting, and will provide a children's playroom supervised by qualified professionals for those attending the General Shareholders' Meeting with infants or children less than seven years old.

All shareholders having the right to attend may be represented at the General Shareholders' Meeting by another person, even though not a shareholder.

Shareholders having the right to attend may grant a proxy or cast an absentee vote on the proposals relating to items included in the agenda of the call to meeting, which they may do in writing by sending a duly completed attendance, proxy, and absentee voting card to the offices of the Company or the premises made available for such purpose to be announced on the corporate website (www.iberdrola.com) by sending the card to the Company via postal correspondence (to apartado de correos número 1.113, 48008 Bilbao), or by electronic correspondence using the software application available on the corporate website (www.iberdrola.com).

Proxies and absentee votes cast by postal or electronic correspondence must, as a general rule, be received by the Company before 24:00 on 26 March or 27 March 2015, depending on whether the General Shareholders' Meeting is held on first or second call, respectively.

Available Information and Documentation

Until 22 March 2015, inclusive, shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions they deem relevant, regarding the matters included in the agenda of the call to meeting, the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, i.e. since 28 March 2014, and the audit reports on the individual annual accounts and management report of the Company and on the annual accounts and management report of the Company consolidated with those of its subsidiaries for financial year 2014.

As from the date of publication of this announcement of the call to meeting, the following documents and information are made continuously available to the shareholders on the Company's corporate website (www.iberdrola.com): (1) this announcement of the call to meeting; (2) the form of attendance, proxy, and absentee voting card; (3) the full text of the proposed resolutions corresponding to the items included in the agenda of the call to meeting, together with the respective reports of the Board of Directors required by law or otherwise deemed appropriate, including those

regarding the proposed ratification and/or re-election of directors submitted to the shareholders at the General Shareholders' Meetings, and that contain the professional profile and biographical data of the candidates; (4) the reports prepared by PricewaterhouseCoopers Asesores de Negocios, S.L. with respect to the proposed ratification and/or re-election of directors; (5) the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2014 and the respective audit reports; (6) the Company's individual management report and the management report of the Company consolidated with that of its subsidiaries for financial year 2014; (7) the directors' statement of responsibility provided for in section 35 of the Securities Market Act (*Ley del Mercado de Valores*), which, together with the documents set forth in the two preceding items, constitute the *Annual Financial Report* for financial year 2014; (8) the *Annual Corporate Governance Report* for financial year 2014; (9) the *Annual Director Remuneration Report* for financial year 2014; (10) the *Annual Activities Report of the Consultative Committees of the Board of Directors* for financial year 2014; (11) the *Sustainability Report* for financial year 2014; (12) the *Integrated Report* summarising the key operating and financial figures of the annual reports for financial year 2014 – based on the financial statements submitted for approval by the shareholders acting at the General Shareholders' Meeting – and which reflects future prospects and the strategic positioning of the Company; (13) the current restated texts of the *By-Laws*, the *Corporate Policies*, the *Regulations for the General Shareholders' Meeting*, the *Regulations of the Board of Directors*, and the other documents making up the Corporate Governance System (in a full-text or summarised version); (14) information regarding the total number of shares and voting rights on the date of publication of this announcement of call to meeting; and (15) the *Shareholder's Guide* and the *Rules of Implementation for the Management of the General Shareholders' Meeting*.

Furthermore, the shareholders have the right to examine at the registered office and to request the immediate delivery or shipping without charge (which may be carried out by e-mail, with confirmation of receipt, if the shareholder accepts this form of delivery) of a copy of the individual annual accounts and management reports of the Company and those consolidated with its subsidiaries, together with the respective audit reports, for financial year 2014, of the proposed resolutions, including the proposed amendments to the By-Laws, of the mandatory director reports, and of the other documents that must be made available to the shareholders in connection with the holding of this General Shareholders' Meeting. Shareholders with visual limitations may request through the corporate website (www.iberdrola.com) that this announcement be sent in Braille.

Finally, as from the adoption of the corresponding resolutions, shareholders will have access on the corporate website (www.iberdrola.com) to information regarding: (1) the implementation, on 18 July and 16 December 2014, of the increases in capital by means of scrip issues for the free-of-charge allocation of ordinary shares to the shareholders of the Company, approved by the shareholders at the General Shareholders' Meeting of 28 March 2014 under paragraphs A and B of item six on the agenda, and the respective amendments of the *By-Laws*; (2) the implementation, on 29 April 2014, of the reduction

in capital through the retirement of treasury shares of the Company approved by the shareholders at the same General Shareholders' Meeting under item eleven on the agenda and the resulting amendment of the *By-Laws*; (3) the amendments of the *Regulations of the Board of Directors* approved by such body; and (4) the approval of the *Shareholder Engagement Policy* and other amendments of the *Corporate Policies*, the regulations of the committees of the Board of Directors, and the other documents making up the Company's Corporate Governance System since the last General Shareholders' Meeting.

Supplement to the Call to Meeting and Well-founded Proposed Resolutions

Until 25 February 2015, inclusive, shareholders representing at least 3% of the share capital may request the publication of a supplement to the call to the General Shareholders' Meeting including one or more items in the agenda, provided such new items are accompanied by the rationale therefor or, if appropriate, by a duly substantiated proposal for a resolution, and submit well-founded proposed resolutions on matters already included or that must be included in the agenda of the call to meeting. Such rights must be exercised by duly authenticated notice that must be received at the registered office of the Company.

Common Provisions Applicable to the Rights of the Shareholders

The rights to receive information, to attend, to proxy representation, to absentee voting, to request the publication of a supplement to the call to meeting, and to submit well-founded proposals for resolutions shall be exercised as provided by law, the Company's Corporate Governance System, the *Shareholder's Guide*, and the *Rules of Implementation for the Management of the General Shareholders' Meeting*, available both on the corporate website (www.iberdrola.com) and at the Office of the Shareholder.

Other Significant Aspects relating to the Meeting

The Board of Directors has resolved to request the presence of a notary public to draw up the minutes of the General Shareholders' Meeting.

To facilitate the viewing and appropriate dissemination thereof, all or part of the proceedings of the General Shareholders' Meeting may be subject to audiovisual recording and broadcast and availability to the public through the Company's corporate website (www.iberdrola.com). In addition, the Company intends to broadcast the General Shareholders' Meeting and to provide information on the proceedings on the

social media in which it participates. By entering the premises where the General Shareholders' Meeting is to be held, attendees consent to the capture and reproduction of images of their person and to the processing of their personal data through such media.

Additional Information

Shareholders may obtain additional information by accessing the On-Line Shareholders (OLS) system, which is continuously available on the corporate website (www.iberdrola.com) or by contacting the Office of the Shareholder (address: Plaza Euskadi número 5, 48009 Bilbao and calle Tomás Redondo número 1, 28033 Madrid / phone: + (34) 900 100 019 (hours: Monday to Friday, from 09:00 to 19:00) / e-mail: accionistas@iberdrola.com).

Bilbao, 17 February 2015

The general secretary and secretary of the Board of Directors

Personal Data Protection

The personal data that shareholders provide to the Company (upon the exercise or delegation of their rights to receive information, to attend, to proxy representation, and to vote) or that are provided by the financial institutions and by the investment services companies that are depositaries or custodians of the shares held by such shareholders, as well as by the entities in charge of the book-entry registers pursuant to law, will be processed by the Company in order to manage the shareholding relationship (including, but not limited to, the call to and holding of the Shareholder Day and the General Shareholders' Meeting and the dissemination thereof). To such end, the data will be kept in computer files for which the Company is responsible. Such data will be provided to the notary public solely in connection with the drawing-up of the notarial minutes of the General Shareholders' Meeting.

The owner of the data will be entitled to exercise the rights of access, rectification, objection, or erasure of the data collected by the Company. Such rights may be exercised in accordance with the provisions of law by means of a letter addressed to IBERDROLA, S.A. (address: Plaza Euskadi número 5, 48009 Bilbao).

If the shareholder includes personal data of other individuals on the attendance, proxy, and absentee voting card, such shareholder must advise them of the details set forth in the preceding paragraphs and comply with any other requirements that may apply for

the provision of the personal data to the Company, without the Company having to take any additional action.



PROPOSED RESOLUTIONS





ITEM ONE ON THE AGENDA

Approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries for financial year 2014.

RESOLUTION

To approve the individual annual accounts of IBERDROLA, S.A. (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows, and notes) and the annual accounts of the Company consolidated with those of its subsidiaries (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows, and notes) for the financial year ended on 31 December 2014, which were finalised by the Board of Directors at its meeting held on 17 February 2015.

ITEM TWO ON THE AGENDA

Approval of the individual management report of the Company and of the management report of the Company consolidated with that of its subsidiaries for financial year 2014.

RESOLUTION

To approve the individual management report of IBERDROLA, S.A. and the management report of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2014, which were finalised by the Board of Directors at its meeting held on 17 February 2015.

ITEM THREE ON THE AGENDA

Approval of the management and activities of the Board of Directors during financial year 2014.

RESOLUTION

To approve the management of the Company and the activities of the Board of Directors of IBERDROLA, S.A. during the financial year ended on 31 December 2014.

ITEM FOUR ON THE AGENDA

Re-election of Ernst & Young, S.L. as auditor of the Company and of its consolidated group for financial year 2015.

RESOLUTION

To re-elect Ernst & Young, S.L. as auditor of IBERDROLA, S.A. and of its consolidated group to carry out the audit for financial year 2015, authorising the Board of Directors, with express power of substitution, to enter into the respective services agreement, on the terms and conditions it deems appropriate, with authority to make such amendments therein as may be required in accordance with the law applicable at any time.

This resolution is adopted at the proposal of the Board of Directors and upon a prior proposal, in turn, of the Audit and Risk Supervision Committee.

It is stated for the record that Ernst & Young, S.L. has its registered office in Madrid, at Plaza Pablo Ruiz Picasso, 1, Edificio Torre Picasso, 28020, Tax Identification Number B-78970506. It is registered with the Madrid Commercial Registry at folio 1, volume 1,225, page M-23123, and with the Official Auditors' Registry (*Registro Oficial de Auditores de Cuentas*) (ROAC) under number S0530.

ITEM FIVE ON THE AGENDA

Approval of the proposed allocation of profits/losses and distribution of dividends for financial year 2014.

RESOLUTION

To approve the proposed allocation of profits/losses and distribution of dividends prepared by the Board of Directors at its meeting held on 17 February 2015, which is described below:

To distribute, with a charge to the results for the financial year ended on 31 December 2014, a gross dividend of three euro cents for each share of IBERDROLA, S.A. carrying the right to receive it and that is outstanding on the date that the respective payment is made.

Payment of the aforementioned dividend is expected to be made on 3 July 2015.

This dividend shall be distributed through the entities members of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR), the Board of Directors being hereby authorised for such purpose, with express power of substitution, to establish the specific date for payment of the dividend, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the distribution.

The basis for distribution and the resulting distribution (stated in euros) are as follows:

BASIS FOR DISTRIBUTION:

Balance from prior financial years:	5,302,242,022.63
Profits for financial year 2014:	358,126,207.60
TOTAL:	5,660,368,230.23

DISTRIBUTION:

To legal reserve (minimum amount):	2,252,400.00
To dividends (maximum amount to distribute corresponding to a fixed dividend of 0.03 euro (gross) per share for all of the 6,388,483,000 ordinary shares outstanding on the date hereof):	191,654,490.00
To remainder:	5,466,461,340.23
TOTAL:	5,660,368,230.23

ITEM SIX ON THE AGENDA

Increases in share capital by means of scrip issues in order to implement two new editions of the “Iberdrola Flexible Dividend” system.

RESOLUTION

A.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 777 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

1. Increase in Capital with a Charge to Reserves

To increase the share capital by the amount resulting from multiplying (a) the nominal value of each share of IBERDROLA, S.A. (the “**Company**”), equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 2 below, on the date of implementation of the increase in share capital (all of the new shares of the Company issued by way of implementation of this resolution shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”), which amount may not in any event exceed the sum of the reference market value of the New Shares equal to a maximum limit of 777 million euros (the “**Increase in Capital**”).

The Increase in Capital will be carried out by means of the issuance and flotation, if applicable, on the date of implementation of the Increase in Capital, of the New Shares, which will be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act (*Ley de Sociedades de Capital*). When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares will be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and will be allocated to the shareholders of the Company without charge.

Within the year following the date of approval of this resolution, the Increase in Capital may be implemented by the Board of Directors, with express power of substitution, at its sole discretion, and therefore without having to resort again to the shareholders at a General Shareholders' Meeting, and by taking into consideration the legal and financial conditions prevailing at the time of implementing the Increase in Capital, in order to offer the Company's shareholders a flexible and efficient compensation formula. The date on which the Increase in Capital is expected to be implemented will be close to July 2015. The number of New Shares to be issued will be such as results from the formula set forth in section 2 below, provided, however, that the Amount of the Option (as such term is defined in section 2 below) may under no circumstances exceed the maximum amount of 777 million euros.

Pursuant to the provisions of section 311 of the Companies Act, the possibility of an incomplete allocation of the Increase in Capital is contemplated in the event that the Company, a company within its group, or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of the Increase in Capital, for which reason, in the event of such waiver, the share capital will be increased by the corresponding amount.

2. New Shares to Be Issued

The number of New Shares to be issued will be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

$$\text{NNS} = \text{Number of New Shares to be issued;}$$

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors or the body acting by delegation therefrom resolves to implement the Increase in Capital; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri.}$$

For these purposes, “**Amount of the Option**” will mean the maximum reference market value of the Increase in Capital to be set by the Board of Directors, or the body acting by delegation therefrom, which will not be greater than 777 million euros, in accordance with the maximum limit set in section 1 above.

For its part, “**ListPri**” will be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges in the five trading sessions prior to the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share, as well as the Purchase Price (as such term is defined below), rounded to the closest one-thousandth part of one euro.

3. Free-of-charge Allocation Rights

Each outstanding share of the Company will grant its holder one free-of-charge allocation right. The number of free-of-charge allocation rights required to receive one New Share will be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 2 above. Specifically, the holders of free-of-charge allocation rights will be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which will be determined as provided in section 2 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) will waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights will be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date.

The free-of-charge allocation rights will be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors, with express power of substitution, which term will not be less than fifteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares.

4. Irrevocable Commitment to Purchase the Free-of-charge Allocation Rights

At the time of implementation of the Increase in Capital, the Company will assume an irrevocable commitment to purchase the free-of-charge allocation rights at the price set forth below (the “**Purchase Commitment**”) on the terms and conditions described below. The Purchase Commitment will be in effect and may be accepted during such term, within the period for trading the rights, as is established by the Board of Directors, with express power of substitution. For such purpose, it is resolved to authorise the Company to acquire the aforementioned free-of-charge allocation rights up to the maximum limit of the total number of rights issued, in all cases with due observance of any legal restrictions.

The object of the Purchase Commitment assumed by the Company will be such as is determined by the Board of Directors, in exercise of the powers delegated thereto by the shareholders at the General Shareholders’ Meeting, with express power of substitution, and taking into account market conditions and the corporate interest, based on the following two alternatives:

- (i) the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date, excluding such rights as have been transferred on the market; or
- (ii) all of the free-of-charge allocation rights, regardless of whether the holders thereof have received them from the Company without charge because of their status as shareholders at the time of allocation thereof or have acquired them on the market.

The “**Purchase Price**” will be the fixed price at which the Company will acquire each free-of-charge allocation right under the Purchase Commitment and will be calculated in accordance with the following formula, with the resulting number being rounded to the closest one-thousandth part of one euro and, in the case of one-half of one-thousandth of one euro, to the next higher one-thousandth part of one euro:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

The acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be effected with a charge to the reserves contemplated in section 303.1 of the Companies Act.

5. Balance Sheet for the Transaction and Reserve with a Charge to which the Increase in Capital is Carried Out

The balance sheet used as a basis for the transaction is the one for the financial year ended 31 December 2014, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item one on the agenda.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

6. Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and its member entities.

7. Rights Attaching to the New Shares

The New Shares will grant the holders thereof the same financial, voting, and like rights as the ordinary shares of the Company that are outstanding as from the date on which the Increase in Capital is declared to be subscribed and paid up. In particular, the holders of the New Shares will be entitled to receive the interim dividend and supplementary dividend amounts, if any, that are paid as from the date on which the Increase in Capital is declared to be subscribed and paid up.

8. Shares on Deposit

Once the period for trading the free-of-charge allocation rights has ended, the New Shares that could not be allocated for reasons not attributable to the Company will be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of the aforementioned period for trading the free-of-charge allocation rights, the New Shares that are still pending allocation may be sold in accordance with the provisions of section 117 of the Companies Act, at the expense and peril of the interested parties. The cash amount from such sale will be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

9. Application for Admission to Trading

To make application for trading the New Shares to be issued pursuant to this increase in capital resolution on the Bilbao, Madrid, Barcelona, and Valencia Stock

Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and to carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a consequence of the approved Increase in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading, and removal from trading on official markets.

It is expressly stated for the record that, in the event of a subsequent request for removal from trading of the shares of the Company, such removal will be carried out with such formalities as apply thereto and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove will be safeguarded, in compliance with the requirements set out in the Companies Act and related provisions, all in accordance with Law 24/1988 of 28 July on the Securities Market and the provisions issued by way of implementation thereof in effect at any time.

10. Implementation of the Increase in Capital

Within a period of one year from the date of this resolution, the Board of Directors, with express power of substitution, may set the date on which the Increase in Capital resolution is to be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option). Notwithstanding the foregoing, if the Board of Directors, with express power of substitution, does not deem it advisable to implement, in whole or in part, the Increase in Capital within the aforementioned period, it may refrain from implementing the Increase in Capital, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting held. Specifically, the Board of Directors will analyse and take into account the market conditions, the circumstances of the Company itself, or those deriving from an event that has social or financial significance, and if these or other factors make it inadvisable, in its opinion, to implement the Increase in Capital, it may decide not to implement it. In addition, the Increase in Capital will be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto within the period of one year established by the shareholders at the General Shareholders' Meeting for implementation thereof.

Once the period for trading the free-of-charge allocation rights has ended, the following shall apply:

(a) The New Shares will be allocated to those who, according to the records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and its member entities, are the holders of free-of-charge allocation rights in the proportion resulting from section 3 above.

(b) The period for trading the free-of-charge allocation rights will be declared to have ended and the appropriation of the account(s) with a charge to which the Increase in Capital will be implemented will be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.

Likewise, once the period for trading the free-of-charge allocation rights has ended, the Board of Directors, with express power of substitution, will adopt the resolutions required to amend the *By-Laws*, so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the Increase in Capital, and to make application for trading the New Shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

11. Delegation of Powers to Implement the Increase in Capital

Pursuant to the provisions of section 297.1.a) of the Companies Act, to delegate to the Board of Directors, with express power of substitution, the power to set the date on which the Increase in Capital is to be carried out, if at all, and to set the terms and conditions thereof as to all matters not provided for in this resolution. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

(a) Set the date on which the Increase in Capital must be implemented, which shall in any case be within a period of one year from approval thereof, and determine the schedule for implementation of the Increase in Capital.

(b) Set the exact amount of the Increase in Capital, the Amount of the Option, the number of New Shares, and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.

(c) Determine the reserve(s), among those contemplated in this resolution, with a charge to which the Increase in Capital and the acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be implemented.

(d) Designate the company or companies that will assume the duties of agent and/or financial adviser in connection with the Increase in Capital, and sign all required contracts and documents for such purpose.

(e) Set the duration of the period for trading the free-of-charge allocation rights.

(f) Set the period during which the Purchase Commitment will be in effect and determine the object of the Purchase Commitment within the limits established in this resolution.

(g) Fulfil the Purchase Commitment, paying the corresponding amounts to those who have accepted such commitment.

(h) Declare the Increase in Capital to be closed and implemented, setting, for such purpose, the number of New Shares actually allocated and, therefore, the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of the Increase in Capital.

(i) Amend the article of the *By-Laws* governing share capitalsuch that it reflects the new amount of share capital and the number of outstanding shares resulting from the implementation of the Increase in Capital.

(j) Waive the free-of-charge allocation rights held by the Company as a result of the Purchase Commitment at the end of the period for trading them, and thus waive the New Shares corresponding to such rights.

(k) Waive any free-of-charge allocation rights to subscribe for New Shares, for the sole purpose of facilitating the number of New Shares being a whole number and not a fraction.

(l) Take all steps required for the New Shares to be included in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market).

(m) Take any actions that are necessary or appropriate to implement and formalise the Increase in Capital before any public or private entities or agencies, whether domestic or foreign, including acts for purposes of representation or supplementation or to cure defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the Companies Act, the Board of Directors is expressly authorised to in turn delegate the powers referred to in this resolution.

B.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 886 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

1. Increase in Capital with a Charge to Reserves

To increase the share capital by the amount resulting from multiplying (a) the nominal value of each share of IBERDROLA, S.A. (the “**Company**”), equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 2 below, on the date of implementation of the increase in share capital (all of the new shares of the Company issued by way of implementation of this resolution shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”), which amount may not in any event exceed the sum of the reference market value of the New Shares equal to a maximum limit of 886 million euros (the “**Increase in Capital**”).

The Increase in Capital will be carried out by means of the issuance and flotation, if applicable, on the date of implementation of the Increase in Capital, of the New Shares, which will be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares will be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and will be allocated to the shareholders of the Company without charge.

Within the year following the date of approval of this resolution, the Increase in Capital may be implemented by the Board of Directors, with express power of substitution, at its sole discretion, and therefore without having to resort again to the shareholders at a General Shareholders’ Meeting, and by taking into consideration the legal and financial conditions prevailing at the time of implementing the Increase in Capital, in order to offer the Company’s shareholders a flexible and efficient

compensation formula. The date on which the Increase in Capital is expected to be implemented will be close to the months of December 2015 or January 2016. The number of New Shares to be issued will be such as results from the formula set forth in section 2 below, provided, however, that the Amount of the Option (as such term is defined in section 2 below) may under no circumstances exceed the maximum amount of 886 million euros.

Pursuant to the provisions of section 311 of the Companies Act, the possibility of an incomplete allocation of the Increase in Capital is contemplated in the event that the Company, a company within its group, or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of the Increase in Capital, for which reason, in the event of such waiver, the share capital will be increased by the corresponding amount.

2. New Shares to Be Issued

The number of New Shares to be issued will be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

$$\text{NNS} = \text{Number of New Shares to be issued;}$$

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors or the body acting by delegation therefrom resolves to implement the Increase in Capital; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri.}$$

For these purposes, “**Amount of the Option**” will mean the maximum reference market value of the Increase in Capital to be set by the Board of Directors, or the body acting by delegation therefrom, which will not be greater than 886 million euros, in accordance with the maximum limit set in section 1 above.

For its part, “**ListPri**” will be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges in the five trading sessions prior to the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share, as well as the Purchase Price (as such term is defined below), rounded to the closest one-thousandth part of one euro.

3. Free-of-charge Allocation Rights

Each outstanding share of the Company will grant its holder one free-of-charge allocation right. The number of free-of-charge allocation rights required to receive one New Share will be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 2 above. Specifically, the holders of free-of-charge allocation rights will be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which will be determined as provided in section 2 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) will waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights will be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date.

The free-of-charge allocation rights will be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors, with express power of substitution, which term will not be less than fifteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares.

4. Irrevocable Commitment to Purchase the Free-of-charge Allocation Rights

At the time of implementation of the Increase in Capital, the Company will assume an irrevocable commitment to purchase the free-of-charge allocation rights at

the price set forth below (the “**Purchase Commitment**”) on the terms and conditions described below. The Purchase Commitment will be in effect and may be accepted during such term, within the period for trading the rights, as is established by the Board of Directors, with express power of substitution. For such purpose, it is resolved to authorise the Company to acquire the aforementioned free-of-charge allocation rights up to the maximum limit of the total number of rights issued, in all cases with due observance of any legal restrictions.

The object of the Purchase Commitment assumed by the Company will be such as is determined by the Board of Directors, in exercise of the powers delegated thereto by the shareholders at the General Shareholders’ Meeting, with express power of substitution, and taking into account market conditions and the corporate interest, based on the following two alternatives:

- (i) the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date, excluding such rights as have been transferred on the market; or
- (ii) all of the free-of-charge allocation rights, regardless of whether the holders thereof have received them from the Company without charge because of their status as shareholders at the time of allocation thereof or have acquired them on the market.

The “**Purchase Price**” will be the fixed price at which the Company will acquire each free-of-charge allocation right under the Purchase Commitment and will be calculated in accordance with the following formula, with the resulting number being rounded to the closest one-thousandth part of one euro and, in the case of one-half of one-thousandth of one euro, to the next higher one-thousandth part of one euro:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

The acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be effected with a charge to the reserves contemplated in section 303.1 of the Companies Act.

5. Balance Sheet for the Transaction and Reserve with a Charge to which the Increase in Capital is Carried Out

The balance sheet used as a basis for the transaction is the one for the financial year ended 31 December 2014, duly audited and submitted to the shareholders for approval at this General Shareholders’ Meeting under item one on the agenda.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

6. Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) and its member entities.

7. Rights Attaching to the New Shares

The New Shares will grant the holders thereof the same financial, voting, and like rights as the ordinary shares of the Company that are outstanding as from the date on which the Increase in Capital is declared to be subscribed and paid up. In particular, the holders of the New Shares will be entitled to receive the interim dividend and supplementary dividend amounts, if any, that are paid as from the date on which the Increase in Capital is declared to be subscribed and paid up.

8. Shares on Deposit

Once the period for trading the free-of-charge allocation rights has ended, the New Shares that could not be allocated for reasons not attributable to the Company will be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of the aforementioned period for trading the free-of-charge allocation rights, the New Shares that are still pending allocation may be sold in accordance with the provisions of section 117 of the Companies Act, at the expense and peril of the interested parties. The cash amount from such sale will be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

9. Application for Admission to Trading

To make application for trading the New Shares to be issued pursuant to this increase in capital resolution on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and to carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a consequence of the approved Increase in Capital, with an express statement for the record of the Company’s submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading, and removal from trading on official markets.

It is expressly stated for the record that, in the event of a subsequent request for removal from trading of the shares of the Company, such removal will be carried out with such formalities as apply thereto and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove will be safeguarded, in compliance with the requirements set out in the Companies Act and related provisions, all in accordance with Law 24/1988 of 28 July on the Securities Market and the provisions issued by way of implementation thereof in effect at any time.

10. Implementation of the Increase in Capital

Within a period of one year from the date of this resolution, the Board of Directors, with express power of substitution, may set the date on which the Increase in Capital resolution is to be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option). Notwithstanding the foregoing, if the Board of Directors, with express power of substitution, does not deem it advisable to implement, in whole or in part, the Increase in Capital within the aforementioned period, it may refrain from implementing the Increase in Capital, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting held. Specifically, the Board of Directors will analyse and take into account the market conditions, the circumstances of the Company itself, or those deriving from an event that has social or financial significance, and if these or other factors make it inadvisable, in its opinion, to implement the Increase in Capital, it may decide not to implement it. In addition, the Increase in Capital will be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto within the period of one year established by the shareholders at the General Shareholders' Meeting for implementation thereof.

Once the period for trading the free-of-charge allocation rights has ended, the following shall apply:

(a) The New Shares will be allocated to those who, according to the records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and its member entities, are the holders of free-of-charge allocation rights in the proportion resulting from section 3 above.

(b) The period for trading the free-of-charge allocation rights will be declared to have ended and the appropriation of the account(s) with a charge to which the Increase in Capital will be implemented will be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.

Likewise, once the period for trading the free-of-charge allocation rights has ended, the Board of Directors, with express power of substitution, will adopt the resolutions required to amend the *By-Laws*, so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the Increase

in Capital, and to make application for trading the New Shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

11. Delegation of Powers to Implement the Increase in Capital

Pursuant to the provisions of section 297.1.a) of the Companies Act, to delegate to the Board of Directors, with express power of substitution, the power to set the date on which the Increase in Capital is to be carried out, if at all, and to set the terms and conditions thereof as to all matters not provided for in this resolution. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

(a) Set the date on which the Increase in Capital must be implemented, which shall in any case be within a period of one year from approval thereof, and determine the schedule for implementation of the Increase in Capital.

(b) Set the exact amount of the Increase in Capital, the Amount of the Option, the number of New Shares, and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.

(c) Determine the reserve(s), among those contemplated in this resolution, with a charge to which the Increase in Capital and the acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be implemented.

(d) Designate the company or companies that will assume the duties of agent and/or financial adviser in connection with the Increase in Capital, and sign all required contracts and documents for such purpose.

(e) Set the duration of the period for trading the free-of-charge allocation rights.

(f) Set the period during which the Purchase Commitment will be in effect and determine the object of the Purchase Commitment within the limits established in this resolution.

(g) Fulfil the Purchase Commitment, paying the corresponding amounts to those who have accepted such commitment.

(h) Declare the Increase in Capital to be closed and implemented, setting, for such purpose, the number of New Shares actually allocated and, therefore, the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as

declare, if applicable, the existence of an incomplete allocation of the Increase in Capital.

(i) Amend the article of the *By-Laws* governing share capitalsuch that it reflects the new amount of share capital and the number of outstanding shares resulting from the implementation of the Increase in Capital.

(j) Waive the free-of-charge allocation rights held by the Company as a result of the Purchase Commitment at the end of the period for trading them, and thus waive the New Shares corresponding to such rights.

(k) Waive any free-of-charge allocation rights to subscribe for New Shares, for the sole purpose of facilitating the number of New Shares being a whole number and not a fraction.

(l) Take all steps required for the New Shares to be included in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market).

(m) Take any actions that are necessary or appropriate to implement and formalise the Increase in Capital before any public or private entities or agencies, whether domestic or foreign, including acts for purposes of representation or supplementation or to cure defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the Companies Act, the Board of Directors is expressly authorised to in turn delegate the powers referred to in this resolution.

ITEM SEVEN ON THE AGENDA

Renewal of the Board of Directors.

RESOLUTION

A.- Ratification of the interim appointment and re-election of Mr José Walfredo Fernández as director, with the status of external independent director.

To ratify the appointment of Mr José Walfredo Fernández as director designated on an interim basis by resolution of the Board of Directors adopted at the meeting held on 17 February 2015, and to re-elect him, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.

B.- Ratification of the interim appointment and re-election of Ms Denise Mary Holt as director, with the status of external independent director.

To ratify the appointment of Ms Denise Mary Holt as director designated on an interim basis by resolution of the Board of Directors adopted at the meeting held on 24 June 2014, and to re-elect her, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.

C.- Ratification of the interim appointment and re-election of Mr Manuel Moreu Munaiz as director, with the status of other external director.

To ratify the appointment of Mr Manuel Moreu Munaiz as director designated on an interim basis by resolution of the Board of Directors adopted at the meeting held on 17 February 2015, and to re-elect him, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of other external director.

D.- Re-election of Mr Ángel Jesús Acebes Paniagua as director, with the status of external independent director.

To re-elect Mr Ángel Jesús Acebes Paniagua as director, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.

E.- Re-election of Ms María Helena Antolín Raybaud as director, with the status of external independent director.

To re-elect Ms María Helena Antolín Raybaud as director, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.

F.- Re-election of Mr Santiago Martínez Lage as director, with the status of external independent director.

To re-elect Mr Santiago Martínez Lage as director, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.

G.- Re-election of Mr José Luis San Pedro Guerenabarrena as director, with the status of other external director.

To re-elect Mr José Luis San Pedro Guerenabarrena as director, upon the proposal of the Board of Directors and after a report from the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of other external director.

H.- Re-election of Mr José Ignacio Sánchez Galán as director, with the status of executive director.

To re-elect Mr José Ignacio Sánchez Galán as director, upon the proposal of the Board of Directors and after a report from the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of executive director.

ITEM EIGHT ON THE AGENDA

Amendments of the *By-Laws* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance, to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

RESOLUTION

A.- Amendment of Title I (*The Company, its Share Capital, and its Shareholders*).

In order to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof, it is hereby resolved:

- (a) to amend the heading of the current Title I of the *By-Laws*, which now becomes “*The Company, its Share Capital, and its Shareholders*”;
- (b) to create a new Chapter III, entitled “*The Shareholders*” and to remove the current Chapter IV; and
- (c) to restate the articles making up such title, which shall hereafter read as follows:

“TITLE I. THE COMPANY, ITS SHARE CAPITAL, AND ITS SHAREHOLDERS

Chapter I. General Provisions

Article 1. Company Name

The name of the company is IBERDROLA, S.A. (the “Company”).

Article 2. Applicable Legal Provisions and Corporate Governance System

1. *The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.*
2. *The Corporate Governance System is the Company’s internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby, and that applies to the entire group of companies controlled by the Company. It is intended to ensure through rule-making the best development of the corporate object of the Company, as an international business*

entity that operates in quite varied economic, legal, and social contexts, as well as the fulfilment of the corporate interest.

3. *The Corporate Governance System is made up of these By-Laws, the Corporate Policies, the internal corporate governance rules, which include the Regulations for the General Shareholders' Meeting, the Regulations of the Board of Directors and those of its committees, and of the other internal codes and procedures approved by the competent decision-making bodies of the Company.*
4. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors, within their respective purview, develop, apply, and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*

Article 3. Corporate Interest and Ethical Principles

1. *The Company pursues the fulfilment of the corporate interest, which is understood as the common interest of all shareholders of an independent company oriented towards the sustainable exploitation of its corporate object and the creation of long-term value for the shareholders' benefit, taking into account other stakeholders related to its business activity and to its institutional reality, and especially the legitimate interests of the various communities and territories in which the Company acts and those of its employees.*
2. *The Company aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System but also to ethical principles and generally accepted principles of social responsibility. The Board of Directors has for such purpose approved a Code of Ethics that includes this commitment under the By-Laws.*

Article 4. Object of the Company

1. *The Company's object is:*
 - a) *To carry out all manner of activities, works, and services inherent in or related to the business of production, transmission, switching, and distribution or supply of electric power or electricity by-products and applications thereof, and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications, and internet-related services; water treatment and distribution; the integral provision of urban and gas supply, as well as other gas storage, regasification, transportation, or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.*

- b) *The distribution, representation, and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts, and accessories.*
 - c) *The investigation, study, and planning of investment and corporate organisation projects, as well as the promotion, creation, and development of industrial, commercial, or service companies.*
 - d) *The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.*
2. *The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.*

Article 5. Duration

The duration of the Company is indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.

Article 6. Registered Office

- 1. *The registered office of the Company is in Bilbao (Biscay), at Plaza Euskadi número 5.*
- 2. *Such registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors.*

Article 7. The Iberdrola Group

- 1. *The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “**Group**”).*
- 2. *The corporate and governance structure of the Company is defined based on the following:*
 - a) *The Company has duties relating to the design of the Corporate Governance System and to the establishment, supervision, and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level.*

- b) *The country subholding companies, which are directly or indirectly subordinate to the Company, carry out the function of organisation and strategic coordination in those countries where the Board of Directors of the Company so decides.*

These entities, which group together equity stakes in the business subholding companies in the various countries in which the Group operates, are also responsible for disseminating, implementing, and ensuring compliance with the policies, strategies, and general guidelines of the Group in each of the countries in which it operates, taking into account the characteristics and unique aspects of such countries.

- c) *Finally, the business subholding companies of the Group are in charge of the day-to-day administration and effective management of each one of the Group's businesses within a country, as well as the day-to-day control thereof.*

Article 8. Permanent Contact with Shareholders and Transparency

Permanent contact with its shareholders and ongoing attention to the transparency of corporate information and of relations with its shareholders and with the market generally, in accordance with the provisions of law and the Corporate Governance System, are primary objectives of the Company.

Article 9. Corporate Website

1. *The Company maintains a corporate website, envisaged as an instrument for channelling its relations with shareholders and investors, which is intended to foster their involvement in corporate life.*
2. *Through the corporate website:*
 - a) *shareholders and investors are provided with the documents and information required by law and the Corporate Governance System and other information deemed appropriate, taking into account the provisions of the preceding section;*
 - b) *shareholders are provided with the means to exercise the rights to receive information and to participation in the General Shareholders' Meeting recognised by law and by the Corporate Governance System; and*
 - c) *full or summarised versions of the rules making up the Corporate Governance System are published.*

Chapter II. Share Capital and Shares

Article 10. Share Capital

The share capital is 4,791,362,250 euros, represented by 6,388,483,000 ordinary shares having a nominal value of 0.75 euro each, belonging to a single class and series, which are fully subscribed and paid up.

Article 11. The Shares

- 1. The shares are represented in book entry form.*
- 2. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.*
- 3. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase, which may provide for cash as well as non-cash contributions.*

Chapter III. The Shareholders

Article 12. Shareholder Status

- 1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Corporate Governance System. In this regard, the Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.*
- 2. The Company may, as legally allowed, access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.*

Article 13. Involvement of the Shareholders

The Company shall foster continuous and appropriate information for its shareholders, permanent contact therewith, and their involvement in corporate life. For this purpose, the Board of Directors shall establish the channels for participation through which the Company will foster their involvement with appropriate guarantees and coordination mechanisms.

Article 14. The Shareholders and the Corporate Governance System

1. *The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.*
2. *Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith, and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Corporate Governance System.”*

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (The General Shareholders’ Meeting).

In order to conform the text thereof to Law 31/2014 amending the Companies Act to improve corporate governance, to include other changes of a technical nature, and to simplify the text thereof, it is hereby resolved:

- (a) to convert the current Chapter I of Title II of the *By-Laws* into the new Title II, entitled “*The General Shareholders’ Meeting*”; and
- (b) to restate the articles currently making up such chapter, which shall hereafter read as follows:

“TITLE II. THE GENERAL SHAREHOLDERS’ MEETING

Article 15. The General Shareholders’ Meeting

1. *The shareholders, meeting at a General Shareholders’ Meeting, shall decide, by the majorities required in each case and in accordance with law and the Corporate Governance System, on the matters within their power.*
2. *Resolutions that are duly adopted at a General Shareholders’ Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*
3. *The General Shareholders’ Meeting is governed by the provisions of law, these By-Laws, the Regulations for the General Shareholders’ Meeting, other applicable provisions of the Corporate Governance System, and other implementing rules approved by the Board of Directors within the scope of its powers.*

Article 16. Participation of the Shareholders

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting, including, if appropriate, the payment of attendance bonuses pursuant to a predefined and public policy.

Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders' Meeting, or other rules of the Corporate Governance System, and particularly regarding the following:*
 - a) *The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.*
 - b) *The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
 - c) *The approval of the director remuneration policy.*
 - d) *The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
 - e) *Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
 - f) *The appointment, re-election, and removal of the auditors.*
 - g) *The amendment of these By-Laws.*
 - h) *An increase or reduction in share capital.*
 - i) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
 - j) *The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors*

may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.

- k) *The exclusion or limitation of pre-emptive rights.*
 - l) *The authorisation for the derivative acquisition of the Company's own shares.*
 - m) *The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.*
 - n) *The dissolution of the Company and the appointment and removal of the liquidators.*
 - o) *The approval of the final liquidating balance sheet.*
 - p) *The issuance of debentures and other negotiable securities that are convertible into shares or that give the right to subscribe therefor, and the delegation to the Board of Directors of the power to issue them as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
 - q) *The exercise of derivative liability actions against directors, auditors, and liquidators.*
 - r) *The approval and amendment of the Regulations for the General Shareholders' Meeting.*
 - s) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;*
 - t) *The acquisition, transfer, or contribution of key assets from or to another company.*
 - u) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or the shareholders submit for their*

consideration, upon the terms and with the requirements established by law and the Corporate Governance System.

Article 18. Call to the General Shareholders' Meeting

1. *The General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.*
2. *The announcement of the call to meeting shall be disseminated through the following media, at a minimum:*
 - a) *The Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
 - c) *The Company's corporate website.*

Article 19. Shareholders' Right to Receive Information

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions that they deem relevant, regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and (iii) the audit report.*
2. *During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters set forth in the preceding section.*
3. *The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in these By-Laws, and in the Regulations for the General Shareholders' Meeting, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.*

4. *The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.*
5. *The Company shall make available to its shareholders the information and documentation required by the provisions of law and the Corporate Governance System.*

Article 20. Place of the Meeting

The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.

Article 21. Establishment of a Quorum for the General Shareholders' Meeting

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.*
2. *Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of this section 2.*
3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.*

Article 22. Right to Attend

- 1. The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.*
- 2. The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.*
- 3. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.*
- 4. The chair of the General Shareholders' Meeting may authorise the attendance of officers, employees, and other persons related to the Company. The chair may also grant access to the media, to financial analysts, and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.*

Article 23. Right to Proxy Representation

- 1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.*
- 2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 27 below for the casting of absentee votes shall apply to the extent applicable.*
- 3. Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of law and the Corporate Governance System.*
- 4. In cases of absence of identification of the proxy-holder, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of*

interest affecting the proxy-holder, the rules established in this regard in the Corporate Governance System shall apply.

- 5. The chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.*

Article 24. Presiding Committee, Chair of, and Secretary for the General Shareholders' Meeting

- 1. The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.*
- 2. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.*
- 3. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article 44.2 below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.*

Article 25. List of Attendees

- 1. Prior to beginning with the agenda for the meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of shares they own or represent by proxy.*
- 2. Questions or claims arising with respect to preparation of the list of attendees and compliance with the requirements for a valid quorum at the General Shareholders' Meeting shall be resolved by the chair thereof.*

Article 26. Deliberations and Voting

1. *The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting; indicate the time and establish, pursuant to the Regulations for the General Shareholders' Meeting, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and these By-Laws; approve the polling and vote counting system; proclaim the voting results; temporarily suspend or propose an extension of the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.*
2. *The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or the secretary for the General Shareholders' Meeting, the appropriate persons under sections 2 and 3 of article 24, respectively, shall assume the duties thereof.*
3. *Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders' Meeting.*

Article 27. Absentee Voting

1. *Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.*
2. *Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.*
3. *Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
4. *The Board of Directors is authorised to develop the rules, means, and procedures for absentee voting, including applicable rules on priority and conflict.*

Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.

5. *The chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Corporate Governance System and the rules established by the Board of Directors in implementation thereof.*
6. *Remote attendance at the General Shareholders' Meeting by means of data transmission and simultaneously and absentee electronic voting during the course of the General Shareholders' Meeting may be admitted if it is so established in the Regulations for the General Shareholders' Meeting, subject to the requirements set forth therein.*

Article 28. Conflicts of Interest

1. *A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:
 - a) *Relieve the shareholder of an obligation or grant the shareholder a right.*
 - b) *Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.*
 - c) *Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.**
2. *The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated in article 29.3 below), even if these latter companies or entities are not shareholders.*
3. *If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.*

Article 29. Approval of Resolutions

1. *Except in cases in which the law or these By-Laws require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against. Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.*
2. *No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.*
3. *The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.*
4. *Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of resolutions by the shareholders at a General Shareholders' Meeting shall be calculated."*

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (Management of the Company).

In order to conform the text thereof to Law 31/2014 amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance, to revise the regulation of the powers of the Board of Directors based on the status of IBERDROLA, S.A. as a holding company, and to include other improvements to corporate governance and of a technical nature, it is hereby resolved:

- (a) to convert the current Chapter II of Title II of the *By-Laws* into the new Title III, entitled "*Management of the Company*";

- (b) to convert the four sections of the current Chapter II of Title II of the *By-Laws* into the new Chapters I, II, III, and IV of the new Title III; and
- (c) to restate the articles currently making up the current Chapter II of Title II, which shall hereafter read as follows:

“TITLE III. MANAGEMENT OF THE COMPANY

Chapter I. General Provisions

Article 30. Management and Representation of the Company

- 1. *The Company is managed and represented by the Board of Directors, its chairman, and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee (Comisión Ejecutiva Delegada) and, also if so decided by the Board of Directors, by one or more chief executive officers (consejeros delegados).*
- 2. *Each of these bodies shall have the powers set forth in these By-Laws, the Regulations of the Board of Directors, and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.*

Chapter II. The Board of Directors.

Article 31. Regulation of the Board of Directors

The Board of Directors shall be governed by the provisions set forth in the law, these By-Laws, the Regulations of the Board of Directors, and the other applicable provisions of the Corporate Governance System.

Article 32. Powers of the Board of Directors

- 5. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Corporate Governance System to the shareholders acting at a General Shareholders’ Meeting.*
- 6. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Corporate Governance System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:*
 - a) *Establish, within legal limits, the policies, strategies, and guidelines of the Group, entrusting to the decision-making bodies and the management of the*

business subholding companies of the Group the duties of day-to-day administration and effective management of each of the businesses thereof.

- b) Supervise the general development of the aforementioned policies, strategies, and guidelines by the country subholding companies and by the business subholding companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging thereto.*
 - c) Decide on matters of strategic importance at the Group level.*
- 7. The Board of Directors shall generally entrust to its chairman, to the chief executive officers, and to the senior officers the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
 - 8. The Board of Directors shall design, evaluate, and review the Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the Corporate Policies, which further develop the principles reflected in these By-Laws and in the other provisions of the Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders and the activities of the Group.*
 - 9. The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the decision-making bodies acting by delegation or to the senior management of the Company.*

Article 33. Composition of the Board of Directors and Appointment of Directors

- 1. The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.*
- 2. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.*
- 3. The following may not be appointed as directors or as individuals representing a corporate director:*

- a) *Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or senior officers thereof, or such persons, if any, as are proposed by them in their capacity as shareholders.*
 - b) *Individuals or legal entities serving as directors in more than three companies with shares trading on domestic or foreign stock exchanges.*
 - c) *Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Group operates.*
 - d) *Individuals or legal entities that are under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.*
4. *The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the Corporate Governance System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors must be accompanied by a report providing the rationale for the proposal.*

Article 34. Types of Directors

1. *Those directors who perform management duties within the Company or its Group, whatever the legal relationship they maintain, shall be deemed executive directors.*
2. *All other directors of the Company, whether proprietary, independent, or other external, shall be deemed non-executive directors:*
 - a) *Proprietary directors: those directors who own a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount, as well as those representing the shareholders described above. However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.*

- b) *Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company or its Group, its significant shareholders, its officers, or the other directors. Directors who have been independent directors for a continuous period of more than twelve years cannot be deemed to be external independent directors.*
- c) *Other external directors: those non-executive directors who do not have the characteristics to be deemed proprietary or independent directors.*

The Regulations of the Board of Directors may further elaborate upon and develop these concepts within the framework established by law.

- 3. *The Board of Directors shall ensure that a majority of its members are independent directors. This instruction, as well as those set forth in these By-Laws and in the Regulations of the Board of Directors regarding the composition of the committees of the Board of Directors, shall be mandatory for the Board of Directors, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders at a General Shareholders' Meeting and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders.*
- 4. *A rationale for the status of each director shall be given by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the Annual Corporate Governance Report, after a report from the Appointments and Remuneration Committee.*

Article 35. Meetings of the Board of Directors

- 1. *The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the Regulations of the Board of Directors. Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Corporate Governance System.*
- 2. *Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.*

Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions

1. *The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.*
2. *All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.*
3. *The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.*
4. *Unless higher majorities are provided for by law or the Corporate Governance System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.*
5. *The chairman of the Board of Directors may invite to meetings all those persons who might contribute to improving the information provided to the directors.*

Chapter III. Committees and Positions within the Board of Directors

Article 37. Committees of the Board of Directors

1. *The Board of Directors must have an Audit and Risk Supervision Committee and an Appointments and Remuneration Committee (or two separate committees, an Appointments Committee and a Remuneration Committee), on a permanent basis.*
2. *The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Corporate Social Responsibility Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.*
3. *The committees shall be governed by the provisions of the Corporate Governance System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.*

Article 38. Executive Committee

1. *If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Corporate Governance System.*
2. *The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, with a minimum of four and a maximum of eight.*
3. *The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.*
4. *The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.*
5. *The meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, and if none, by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance shall serve as secretary.*
6. *Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.*

Article 39. Audit and Risk Supervision Committee

1. *The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties with information, advisory, and proposal-making powers within its scope of action.*
2. *The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.*

3. *The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.*
4. *The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments and Remuneration Committee.*

Article 40. Appointments and Remuneration Committee

1. *The Board of Directors shall create a permanent Appointments and Remuneration Committee (or two separate committees, an Appointments Committee and a Remuneration Committee, in which case reference in these By-Laws to the Appointments and Remuneration Committee shall be deemed made to the corresponding committee), which shall be an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.*
2. *The Appointments and Remuneration Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Appointments and Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Appointments and Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law as well as the power to report on related-party transactions.*

Article 41. Corporate Social Responsibility Committee

1. *If created, the Corporate Social Responsibility Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.*

2. *The Corporate Social Responsibility Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Corporate Social Responsibility Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.*

Article 42. Chairman and Vice-Chair or Vice-Chairs

1. *The Board of Directors, following a report from the Appointments and Remuneration Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.*
2. *The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.*
3. *The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.*
4. *The chairman of the Board of Directors exercises the powers conferred upon him by law and the Corporate Governance System, and particularly the following:*
 - a) *To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.*
 - b) *To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the Corporate Governance System.*
 - c) *To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary,*

and deputy secretary of the Board of Directors and the committees thereof, without prejudice to the reporting powers belonging to the Appointments and Remuneration Committee.

- d) To ensure, with the collaboration of the secretary, that the directors receive in advance information sufficient to deliberate on the items on the agenda.*
 - e) To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.*
- 5. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness, or incapacity. The same procedure shall be followed to decide the removal of a vice-chair.*
- 6. If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length of service in office; in case of equal lengths of service, the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the director with the longest length of service in office, and in case of equal lengths, the oldest.*
- 7. The vice-chair or the director, if any, that must replace the chairman under the provisions of the preceding section shall lead the process of electing a new chairman in the event of removal, notice of resignation, disability, or death in accordance with the succession plan approved by the Board of Directors.*

Article 43. Chief Executive Officer

- 1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers (consejeros delegados) with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.*
- 2. In the event of vacancy, absence, illness, or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.*

Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors

1. *The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments and Remuneration Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness, or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.*
2. *If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.*
3. *The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Corporate Governance System.*
4. *The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Corporate Governance System.*

Article 45. Checks and Balances System: the Coordinating Director

1. *The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors, nor the Executive Committee, nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.*
2. *The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.*
3. *The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.*
4. *If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a coordinating director (consejero coordinador), who shall be especially empowered, when the coordinating director deems it appropriate, to:*

- a) *Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.*
 - b) *Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.*
 - c) *Coordinate, meet with, and reflect the concerns of the non-executive directors.*
 - d) *Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.*
5. *The coordinating director may also maintain contacts with shareholders when so decided by the Board of Directors.*

Chapter IV. Rules Applicable to Directors

Article 46. General Duties of Directors

1. *The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties attributed to each of them. The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.*
2. *The Regulations of the Board of Directors shall elaborate upon the specific obligations of directors stemming from the duties established by law, and particularly those of confidentiality, non-competition, and loyalty, with special focus on conflict of interest situations.*
3. *The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.*

Article 47. Term of Office

1. *The directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.*
2. *The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of competence, structural and permanent conflict of interest, or prohibition*

against performing the duties of director provided by law or the Corporate Governance System.

3. *Directors may be re-elected to one or more terms of four years.*

Article 48. Director Remuneration

1. *The Company shall annually allocate as an expense an amount equal to a maximum of two per cent of consolidated group profits obtained during the preceding financial year for the following purposes:*
 - a) *To remunerate the directors, both for their status as such as well as for any executive duties, based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.*
 - b) *To endow a fund to meet the obligations of the Company regarding pensions, the payment of life insurance premiums, and the payment of severance compensation in favour of current and former directors.*
2. *In particular, in their status as such, the directors shall receive remuneration consisting of a fixed annual amount, attendance fees, and appropriate risk coverage benefits (death and disability). In the case of termination prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive a severance payment for non-competition unless their removal is due to a breach of the duties of director attributable thereto or to the sole decision thereof.*
3. *The amount, subject to the maximum limit of two per cent, may only accrue if profits for the preceding financial year are sufficient to cover legal and other mandatory reserves and if there has been an issuance to the shareholders of a dividend of at least four per cent of the share capital charged to the results of such financial year.*
4. *Independently of the provisions of the preceding sections, and subject always to the approval of the shareholders at a General Shareholders' Meeting, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company's shares.*

Article 49. Powers of Information and Inspection

1. *A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.*

2. *The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Corporate Governance System.”*

D.- Amendment of the current Titles III and IV, which now become the new Titles IV (Breakthrough of Restrictions in the Event of Takeover Bids) and V (Annual Accounts, Dissolution, and Liquidation), and elimination of the current Title V (Final Provisions).

In order to introduce technical improvements and to simplify the text thereof, it is hereby resolved:

- (a) to convert the current Title III of the *By-Laws* into the new Title IV;
- (b) to convert the current Title IV of the *By-Laws* into the new Title V, entitled “*Annual Accounts, Dissolution, and Liquidation*”;
- (c) to restate the articles currently making up both titles, which shall hereafter read as reproduced below, and to eliminate the current Title V (*Final Provisions*):

“TITLE IV. BREAKTHROUGH OF RESTRICTIONS IN THE EVENT OF TAKEOVER BIDS

Article 50. Removal of Voting Limitations

The prohibition on voting for shareholders affected by conflicts established in article 28 above and the limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 2 to 4 of article 29 above shall be deprived of effect upon the occurrence of the following circumstances:

- a) *when the Company is the target of a takeover bid aimed at the share capital as a whole; and*
- b) *when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to two-thirds of the voting share capital of the Company, provided the full consideration therefor consists only of cash; or, alternatively,*
- c) *when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration therefor consists, in whole or in part, of securities, without giving the recipient an alternative right to receive such consideration wholly in cash.*

Article 51. Effectiveness of the Removal

1. *The removal of the limitations mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin (Boletín de Cotización) of the Bilbao Stock Exchange.*
2. *The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the by-law amendment referred to in section 1 above and to seek registration thereof with the Commercial Registry.*

Article 52. Amendments to Articles in Title IV and Related Provisions

All resolutions intended to eliminate or amend the provisions contained in this Title, in article 28, and in sections 2 to 4 of article 29 above shall require the affirmative vote of three-fourths of the share capital present in person or by proxy at a General Shareholders' Meeting.

TITLE V. ANNUAL ACCOUNTS, DISSOLUTION, AND LIQUIDATION

Chapter I. Annual Accounts

Article 53. Financial Year and Preparation of Annual Accounts

1. *The financial year shall commence on 1 January of each year and shall end on 31 December of each year.*
2. *Within the first three months of the year, the Board of Directors shall prepare the annual accounts, the management report, and the proposed allocation of profits or losses, and the consolidated annual accounts and management report for the previous financial year.*

Article 54. Approval of Accounts and Allocation of Profits/Losses

1. *The annual accounts of the Company and the consolidated annual accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.*
2. *The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual accounts.*
3. *If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.*

4. *The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.*
5. *The distribution of a dividend to shareholders shall be made in proportion to their paid-up share capital.*

Chapter II. Dissolution and Liquidation of the Company

Article 55. Grounds for Dissolution

The Company shall be dissolved upon the occurrence of any of the events established by law.

Article 56. Liquidation of the Company

1. *From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.*
2. *During the liquidation period, the provisions of these By-Laws governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.*
3. *All liquidating operations shall be carried out with due observance of the provisions of law."*

ITEM NINE ON THE AGENDA

Amendments of the *Regulations for the General Shareholders' Meeting* in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance, and to include other improvements in the area of corporate governance and of a technical nature.

RESOLUTION

A.- Amendment of the Preliminary Title and of Title I (Function, Types, and Powers).

To amend the articles currently making up the Preliminary Title and Title I of the *Regulations for the General Shareholders' Meeting*, which shall hereafter read as follows:

“PRELIMINARY TITLE

Article 1. Purpose

- 1. The Regulations for the General Shareholders' Meeting (the “Regulations”) contain the principles for conducting the General Shareholders' Meeting of IBERDROLA, S.A. (the “Company”), as well as the basic rules for the call, preparation, and holding thereof.*
- 2. The Regulations seek to achieve greater transparency, efficiency, and impetus to the functions of deliberation and decision-making by the shareholders at the General Shareholders' Meeting, to guarantee equal treatment of all shareholders in the same situation with respect to information, participation and the exercise of voting rights at the General Shareholders' Meeting, and particularly to promote the maximum participation of the shareholders and their involvement in the life of the Company.*
- 3. The recommendations on good governance generally recognised in the international markets have been taken into account in the preparation hereof.*

Article 2. Scope of Application and Effectiveness

- 1. These Regulations shall apply to all General Shareholders' Meetings held by the Company.*
- 2. They shall have indefinite duration and shall become effective upon the first General Shareholders' Meeting to be called after the meeting at which it is resolved that these Regulations or any subsequent amendments hereof be*

approved, without prejudice to the rights previously accorded to the shareholders under legal and by-law provisions.

Article 3. Dissemination

These Regulations and any amendments hereto shall be communicated to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) and registered with the Commercial Registry (Registro Mercantil) pursuant to applicable rules and regulations. The current text of these Regulations shall be made available on the Company's corporate website.

Article 4. Priority and Interpretation

- 1. These Regulations further develop and complement legal and by-law provisions applicable to the General Shareholders' Meeting, which shall prevail in the event of contradiction therewith, and shall be interpreted in accordance with the Corporate Governance System, of which they form a part.*
- 2. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders' Meeting shall be settled by the chair thereof.*

Article 5. Amendment

- 1. The Board of Directors, and shareholders who individually or collectively represent at least three per cent of the share capital of the Company, shall have the right to propose amendments to the Regulations.*
- 2. The full text of the proposed amendment and a report providing the rationale therefor prepared by the Board of Directors or by the shareholders making the proposal shall be made available to the shareholders at the time of the call to the General Shareholders' Meeting at which the decision is to be made regarding the aforementioned proposal.*

Article 6. Shareholder's Guide, Rules of Implementation, and Management Framework for the General Shareholders' Meeting

- 1. In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting the Board of Directors shall make available thereto a Shareholder's Guide that clearly explains the most significant aspects regarding the operation thereof and the procedures established for the exercise of their rights at the General Shareholders' Meeting.*

2. *The Board of Directors may approve rules of implementation that systematise, adapt, and specify the provisions of the Corporate Governance System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.*
3. *The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding and formalisation of the resolutions at each General Shareholders' Meeting.*

TITLE I. FUNCTION, TYPES, AND POWERS

Article 7. Function

1. *The General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide by the required majorities those matters within their power, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Corporate Governance System.*
2. *Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against, abstain from voting, vote in blank, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*

Article 8. Types

1. *A General Shareholders' Meeting may be annual or extraordinary.*
2. *The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve the corporate management, approve the annual accounts for the prior financial year, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matters appear on the agenda of the call to meeting or are legally appropriate and that the required quorum for the General Shareholders' Meeting has been formed for such purpose.*
3. *Any General Shareholders' Meeting not provided for in the preceding section shall be deemed to be an Extraordinary General Shareholders' Meeting.*

Article 9. Powers

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the By-Laws or these Regulations, and in any case regarding the following:*
 - A) *With respect to the Board of Directors and the directors:*
 - a) *The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
 - b) *The approval of the establishment and application of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
 - c) *Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
 - d) *The exercise of derivative liability actions against directors.*
 - B) *With respect to the annual accounts and corporate management:*
 - a) *The approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries.*
 - b) *The allocation of profits/losses.*
 - c) *The approval of corporate management.*
 - C) *With respect to amendments to the Corporate Governance System:*
 - a) *The amendment of the By-Laws.*
 - b) *The approval and amendment of these Regulations.*
 - c) *The approval of the director remuneration policy upon the terms provided by law.*
 - D) *With respect to an increase or reduction in share capital, acquisition of own shares, and issue of debentures convertible into shares:*

- a) *An increase or reduction in share capital.*
 - b) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
 - c) *The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation, in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
 - d) *The exclusion or limitation of pre-emptive rights.*
 - e) *The authorisation for the derivative acquisition of the Company's own shares.*
 - f) *The issuance of debentures and other negotiable securities that are convertible into shares or that give the right to subscribe therefor, and the delegation to the Board of Directors of the power to issue them as well as the power to exclude or limit pre-emptive rights, upon the terms established by law¹.*
- E) *With respect to structural changes of the Company and functionally similar operations:*
- a) *The transformation of the Company*
 - b) *The merger or split-off of the Company upon the terms provided by law.*
 - c) *The overall assignment of assets and liabilities.*

¹ Note: subject to approval of the Business Financing Promotion Act (*Ley de Fomento de la Financiación Empresarial*), which amends section 406 of the Companies Act (*Ley de Sociedades de Capital*) upon terms similar to the bill currently before the Parliament.

- d) *The transfer of the registered office abroad.*
 - e) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;*
 - f) *The acquisition, transfer, or contribution of key assets from or to another company.*
- F) *With respect to auditors:*
- a) *The appointment, re-election, and removal of the auditors.*
 - b) *The exercise of derivative liability actions against the auditors.*
- G) *With respect to the dissolution and liquidation of the Company.*
- a) *The dissolution of the Company.*
 - b) *The appointment and removal of the liquidators.*
 - c) *The approval of the final liquidating balance sheet.*
 - d) *The exercise of derivative liability actions against the liquidators.*
 - e) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their power pursuant to law or the Corporate Governance System.*
3. *The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also make a pronouncement on any other reports or proposals submitted by the Board of Directors."*

B.- Amendment of Titles II (Call to the General Shareholders' Meeting), III (Right to Attend and Proxy Representation) and IV (Infrastructure and Equipment).

To amend the articles currently making up Titles II, III, and IV of the *Regulations for the General Shareholders' Meeting*, which shall hereafter read as follows:

“TITLE II. CALL TO THE GENERAL SHAREHOLDERS’ MEETING

Article 10. Call to the General Shareholders’ Meeting

1. *The General Shareholders’ Meeting shall be formally called by the Board of Directors.*
2. *The Board of Directors must call the General Shareholders’ Meeting in the following events:*
 - a) *In the event set forth in article 8.2 above.*
 - b) *If the meeting is requested, in the manner provided by law, by shareholders who individually or collectively represent at least three per cent of the share capital, which request sets forth the matters to be addressed. In this event, the Board of Directors shall call for the General Shareholders’ Meeting to be held within the statutorily prescribed deadline. The Board of Directors shall prepare the agenda of the call, which must include the matters specified in the request.*
 - c) *When a takeover bid is made for the securities of the Company, in order to report to the shareholders at the General Shareholders’ Meeting and to deliberate and decide upon the matters submitted for their consideration.*
3. *The Board of Directors may request the presence of a notary public to assist with and draw up the minutes of the General Shareholders’ Meeting. In any event, the Board must request the presence of a notary public under the circumstances provided by law.*

Article 11. Announcement of Call to Meeting and Agenda

1. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
 - a) *The Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission.*
 - c) *The Company’s corporate website.*
2. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*

- a) *The day, place, and time of the meeting upon first call and the agenda, with a statement of all matters to be dealt with.*
- b) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, submit well-founded proposals for resolutions, or exercise their rights to receive information, to cast an absentee vote, and to grant a proxy, upon the terms provided by law.*
- c) *The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*
- d) *A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the auditors, and of the independent experts to be submitted and the complete text of the proposed resolutions submitted to the shareholders at the General Shareholders' Meeting for adoption.*
- e) *The address of the Company's corporate website.*
- f) *The attendance bonus that the Board of Directors may resolve to pay to shareholders appearing at the General Shareholders' Meeting in accordance with the policy approved for such purpose.*

The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed upon second call, if applicable.

- 3. *The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.*

Article 12. Supplement to the Call to Meeting and Submission of Well-founded Proposed Resolutions

- 1. *Shareholders who individually or collectively represent at least three per cent of the share capital may:*
 - a) *Request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution.*

- b) *Submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to the General Shareholders' Meeting.*

The written notice of the exercise of such rights shall specify the name or the corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences the status thereof as shareholder, in order for such information to be checked against that provided by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as the contents of the item or items proposed. Under the circumstances set forth in letter a), the Board of Directors may require that the shareholder also attach the proposed resolution or resolutions and, if legally required, in the instances set forth in letters a) and b), the report or reports providing a rationale for the proposals.

2. *The shareholders' rights mentioned in the preceding section must be exercised by duly authenticated notice sent to the Company's registered office within the periods provided by law.*
3. *The Company shall publicise the items on the agenda and/or the proposed resolutions submitted in accordance with the preceding sections as soon as possible, within the legally mandated periods, and shall publish a new form of attendance, proxy, and absentee voting card that takes them into account. The Company shall also ensure the dissemination of these proposed resolutions and any documentation attached thereto to the other shareholders, in accordance with the provisions of law.*

Article 13. Availability of Information

1. *At the time of the call to meeting, the Board of Directors shall make available to the shareholders all information additional to that required by law that it deems appropriate and that contributes to a better understanding by shareholders with respect to the exercise of their rights in connection with the General Shareholders' Meeting and of the matters to be dealt with thereat.*
2. *When the shareholders are to deal with an amendment to the By-Laws, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.*
3. *In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.*

Article 14. Corporate Website

1. *The Company shall use its corporate website to promote the informed participation of all shareholders at the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.*
2. *From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company's corporate website shall continuously publish such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:*
 - a) *The announcement of the call to the General Shareholders' Meeting.*
 - b) *The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.*
 - c) *Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of directors, the auditors, and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.*
 - d) *In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election, or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; and shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the report prepared by the Board of Directors and the proposal of the Appointments and Remuneration Committee in the case of independent directors, and the report of the Committee in other cases.*
 - e) *The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the*

right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.

- f) *The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy, and absentee voting card, if any.*
 - g) *The annual reports that the Board of Directors has approved regarding corporate social responsibility.*
 - h) *The report on the independence of the auditor prepared by the Audit and Risk Supervision Committee.*
 - i) *The activities reports or integrated activities report of the consultative committees of the Board of Directors.*
3. *The Company shall use its best efforts to include in its corporate website, beginning on the date of the announcement of the call to meeting, an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.*
4. *Pursuant to the provisions of applicable legislation, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website on occasion of the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.*

Article 15. Requests for Information Prior to the General Shareholders' Meeting

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.*
2. *All such requests for information or questions may be made or asked by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence thereof, to the Office of the Shareholder (Oficina del Accionista). Requests shall*

be allowed that include the recognised electronic signature of the requesting party, the personal passwords referred to in letter c of article 19.2 below, or that use other mechanisms that the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder, after an express resolution adopted for such purpose.

3. *Regardless of the means used, the request must include the shareholder's first and last names or company name, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders' name provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) for the General Shareholders' Meeting in question. The shareholder shall be responsible for showing delivery of the request to the Company as and when due.*
4. *The Board of Directors shall be required to provide the information requested pursuant to the two preceding paragraphs in the form and within the periods set forth in the law, in the By-Laws, and in these Regulations, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the Company or related companies.*
5. *The information requested may not be denied if it is supported by shareholders representing at least twenty-five per cent of the share capital.*
6. *The Board of Directors may authorise any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.*
7. *To ensure the equal treatment of all shareholders, valid requests for information, clarification, or requests made in writing by the shareholders and the answers provided in the same form by the Board of Directors or the persons delegated thereby shall be included in the corporate website of the Company.*
8. *If, prior to the presentation of a specific question, the information requested is clearly, expressly, and directly available to all shareholders on the corporate website in question/answer format, the answer may consist of a reference to the information provided in such format.*

TITLE III. RIGHTS TO ATTEND AND TO PROXY REPRESENTATION

Article 16. Participation

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting.

Article 17. Attendance

1. *All holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.*
2. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification, which will be required at each General Shareholders' Meeting based on the systems available to verify the status of the attendees.*

Article 18. Other Attendees

1. *The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity thereof.*
2. *The chair of the General Shareholders' Meeting may authorise the meeting to be attended by officers, employees, and other person with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts, and any other person the chair deems appropriate. The shareholders acting at the General Shareholders' Meeting may revoke such authorisation.*
3. *Personnel from the Office of the Shareholder and the person performing the duties described in article 27.3 below shall also attend the General Shareholders' Meeting.*

Article 19. Right to Proxy Representation

1. *Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.*
2. *The proxy may be granted by delivering to the proxy representative the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means:*
 - a) *Advance delivery of the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the*

Company at the premises provided by the Company on the days announced in the Company's corporate website.

- b) *Sending the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.*
- c) *By electronic correspondence, completing the proxy form available on the Company's corporate website, using a recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.*

For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.

- 3. *A proxy granted by any of the means indicated in letters a), b), or c) of the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is held upon first call or upon second call, as applicable.*
- 4. *The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means, and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.*

Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures for the granting of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and allow and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.

- 5. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.*

6. *A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.*
7. *A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.*
8. *A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda.*
9. *If the proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions or questions arise as to the intended proxy-holder or the scope of the representation, and unless otherwise indicated by the shareholder, it shall be deemed that: (i) the proxy is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to the General Shareholders' Meeting; (iii) contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy-holder shall vote in the direction the proxy-holder deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.*

This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt, and specify the provisions of the Corporate Governance System regarding the management of the General Shareholders' Meeting.

10. *Before being appointed, the proxy-holder shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy-holder shall immediately inform the shareholder thereof. In both cases, if the proxy-holder has not received new specific voting instructions regarding each of the matters on which the proxy-holder has to vote on behalf of the shareholder, the proxy-holder shall abstain from voting, without prejudice to the provisions of the following section.*
11. *Unless otherwise expressly indicated by the shareholder, if the proxy-holder is affected by a conflict of interest and has no specific voting instructions, or if the proxy-holder has them but it is deemed preferable that the proxy-holder not exercise the proxy with respect to the items involved in the conflict of interest, the*

shareholder shall be deemed to have appointed the following persons as proxy-holders for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.

12. *A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of article 40.3 below.*

Article 20. Attendance, Proxy, and Absentee Voting Cards

1. *The Company may issue the attendance, proxy, and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also propose to the entities participating in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) and to the brokers, representatives, and depositaries in general, the form of such cards as well as the formula that must be recited in order to delegate proxy representation, which, in the absence of specific instructions from the party granting the proxy, may also set forth the way for the proxy-holder to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy, and absentee voting card may also specify the identity of the proxy-holder and the alternate or alternates for the proxy-holder in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.*

The Company shall ensure that the cards issued by such entities are uniform and include a bar code or other system that allows for the reading thereof by electronic or long-distance data transmission means in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders' Meeting.

2. *The proxy or voting instructions of the shareholders acting through brokers, representatives, or depositaries may be received by the Company through any valid system or means of long-distance communication, signed by the shareholder or by the entity. The entities may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.*

3. *If a broker, representative, or depositary sends to the Company an attendance, proxy, and absentee voting card or verification instrument of a shareholder duly identified in the document with the signature, stamp, and/or mechanical impression of the entity, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such entity to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.*
4. *In other respects, the other rules contained in the Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.*
5. *All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote.*

TITLE IV. INFRASTRUCTURE AND EQUIPMENT

Article 21. Place of the Meeting

1. *The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call, it shall be deemed that the meeting will take place at the registered office.*
2. *The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.*

Article 22. Infrastructure, Means of Communication, and Services Available at the Premises

1. *The premises to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment, and safety, assistance, and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General*

Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.

2. *The Company may make available other furnished premises with similar characteristics where the General Shareholders' Meeting can be held in the event of an emergency.*
3. *Appropriate safety controls and surveillance and protection measures, as well as systems for controlling access to the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders' Meeting.*
4. *Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording, and/or transmission equipment and, in general any instrument that might alter the visibility, sound, or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.*
5. *The proceedings of the General Shareholders' Meeting may be the subject of audiovisual recording, if so determined by the chair of the General Shareholders' Meeting. They may also be the subject to storage and live or recorded broadcast by any means, including over the internet, and dissemination on social networks. Entering the premises where the General Shareholders' Meeting is to be held signifies the consent of the shareholders or their proxy representatives to the capture of their image (including voice) and the processing of their personal data. The owner of the data shall have the rights of access, rectification, objection, or erasure of the data collected by the Company, upon the terms provided by law, by sending a letter to the Company at its registered office, to the attention of the Office of the General Secretary (Secretaría General).*
6. *Whenever reasonably possible, the Company shall endeavour to ensure that the premises at which the General Shareholders' Meeting is held has the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English, and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.*
7. *The Company shall also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose.*

Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results

1. *The Company shall have the personnel and technical equipment required to perform monitoring and counting of the attendance, proxy, and absentee voting cards.*
2. *On the day of the General Shareholders' Meeting, the premises indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of those attending the meeting and to determine the quorum, prepare the list of shareholders present in person and by proxy, and calculate the voting.*
3. *In order to undertake such activity, the Company may, in accordance with applicable rules and regulations, ask "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) to provide a list of the Company's shareholders and the number of shares appearing in the name of each shareholder.*

Article 24. Office of the Shareholder

The Company shall set up an Office of the Shareholder in a visible place at the stated premises of the General Shareholders' Meeting, in order to:

- a) *Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals, and vote.*
- b) *Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their statements, if such statements are available in writing.*
9. *Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or shareholders for submission at the General Shareholders' Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders' Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors' reports and other documentation relating to the proposed resolutions shall also be made available to them."*

C.- Amendment of Title V (Conduct of the General Shareholders' Meeting).

To amend the articles currently making up Title V of the *Regulations for the General Shareholders' Meeting*, which shall hereafter read as follows:

“TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS’ MEETING

Article 25. Opening of the Premises and Monitoring Access Thereto

1. *In the place and on the day provided in the announcement for the holding of the General Shareholders’ Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.*

Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders’ Meeting is held may attend the meeting as invitees (in the room where the meeting is held or, if so decided by the chair of the General Shareholders’ Meeting, in an adjoining room from where they can follow the meeting).

2. *In the event that a second call is made due to the failure to attend of the number of shareholders legally required to hold the General Shareholders’ Meeting upon first call, such circumstance shall be properly recorded in the minutes of the General Shareholders’ Meeting.*

Article 26. Presiding Committee, Chair, and Secretary

1. *The Presiding Committee (Mesa) of the General Shareholders’ Meeting shall be made up of the chair of and the secretary for the General Shareholders’ Meeting and of the other members of the Board of Directors attending the meeting. Without prejudice to the powers assigned thereto in these Regulations, the Presiding Committee shall assist the chair of the General Shareholders’ Meeting in performing the duties entrusted thereto.*
2. *The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders’ Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the By-Laws; and in the absence of the foregoing, the person appointed by the Presiding Committee shall serve.*
3. *The chair of the General Shareholders’ Meeting shall be assisted by the secretary for the General Shareholders’ Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders’ Meeting; if there are several deputy secretaries, they shall serve in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall serve as secretary for the General Shareholders’ Meeting.*

4. *The provisions of sections 2 and 3 above shall also apply if the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting as regards their situation in the performance of their duties.*
5. *In addition, the chair of the General Shareholders' Meeting may obtain the assistance of any person the chair deems appropriate.*

Article 27. Duties of the Chairman of the General Shareholders' Meeting

1. *The chair of the General Shareholders' Meeting, who is responsible for progress of the meeting, shall generally have the powers needed for such purposes (including those of order and discipline), and the following powers, among others:*
 - a) *To call the meeting to order.*
 - b) *To verify that there is a valid quorum for the General Shareholders' Meeting and, if applicable, to declare it to be validly in session.*
 - c) *To take notice of the presence of a notary public, if any, to take the minutes of the meeting as a result of a request made by the Board of Directors for such purpose.*
 - d) *To make decisions regarding questions, requests for clarification, or claims raised with respect to the list of attendees, the identity and the legitimacy of the shareholders and their proxy representatives, the authenticity and integrity of the attendance, proxy, and absentee voting cards or relevant verification instruments, as well as all matters relating to the possible exclusion, suspension, or limitation of voting and related rights and, specifically, to the right to vote pursuant to law and the By-Laws.*
 - e) *To grant the floor to executive directors or officers that the chair deems appropriate in order to address the shareholders at the General Shareholders' Meeting in order to report on the progress of the Company, as well as to present the results, goals, and plans thereof. If the chair of the General Shareholders' Meeting has the status of executive director, such presentation may be made directly thereby, in whole or in part.*
 - f) *To order and direct the progress of the meeting in accordance with the powers set forth in article 36 below. To indicate the time for voting, establish voting systems and procedures, and determine the system for counting and calculating the votes.*

- g) *To temporarily suspend the General Shareholders' Meeting and propose the continuation thereof.*
 - h) *To bring the meeting to a close.*
2. *The chair of the General Shareholders' Meeting, even when present at the meeting, may entrust the management of the debate to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out these duties on behalf of the chair, with the chair having the right to retake them at any time.*
 3. *The chair of the General Shareholders' Meeting may appoint a representative of the Company to make an organised presentation to the General Shareholders' Meeting on those questions or considerations that the Company's shareholders – even if they are not in attendance or represented by proxy at the General Shareholders' Meeting– have submitted to the Company through other channels of participation and that the chair of the General Shareholders' Meeting deems appropriate to present.*

Such representative may also present other questions raised by those attending the General Shareholders' Meeting who prefer to ask their questions for delivery to the chair.

Article 28. Duties of the Secretary for the General Shareholders' Meeting

1. *The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:*
 - a) *To declare the Presiding Committee to be formed.*
 - b) *To prepare by delegation of the chair the list of attendees, for which purpose the secretary shall have such means and systems as are determined by the chair.*
 - c) *By delegation of the chair, to report to the shareholders at the General Shareholders' Meeting regarding the quorum, stating the number of shareholders present in person or by proxy, with an indication of the percentage of share capital they represent as well as the number of shares represented in person and by proxy, also with the foregoing specification.*
 - d) *To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders' Meeting pursuant to law or the Corporate Governance System.*
 - e) *To draft the minutes of the General Shareholders' Meeting, if applicable.*

- f) *To exercise, at the direction of the chair of the General Shareholders' Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.*

Article 29. Establishment of a Quorum

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the By-Laws, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held upon first or second call.*
2. *Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of article 21.2 of the By-Laws.*
3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.*

Article 30. List of Attendees

1. *Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy-holders, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to which capital corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Corporate Governance System.*

2. *The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair.*
3. *If the meeting takes place in different places pursuant to the provisions of these Regulations, the list of attendees shall also include the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.*
4. *The list of attendees shall be attached to the minutes of the General Shareholders' Meeting.*

Article 31. Shareholder Presentation Requests Identification

Shareholders desiring to address the General Shareholders' Meeting must so request the Office of the Shareholder or to whomever is indicated for such purposes prior to the commencement of the meeting and, and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.

Article 32. Reports

1. *Once the list of attendees has been prepared and they have been informed regarding the publications of the announcement of the call to meeting, there shall be a presentation of any relevant reports by the executive directors or senior officers or persons designated for such purpose by the Board of Directors. In particular, the shareholders shall be informed of the main aspects highlighted in the Annual Corporate Governance Report regarding corporate governance, emphasising the changes that have occurred since the last General Shareholders' Meeting and any non-compliance with corporate governance recommendation that the Company has described in said report.*
2. *If the annual accounts have qualifications, the Board of Directors may resolve that the chair of the Audit and Compliance Committee and the Company's auditor explain them to the shareholders at the General Shareholders' Meeting.*

Article 33. Ratification, if Appropriate, of the Quorum for the General Shareholders' Meeting

1. *Prior to the commencement of the presentation period, the chair of the General Shareholders' Meeting, or the secretary by delegation therefrom, shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that*

both represent, and the total number of shareholders and shares in attendance at the meeting, with an indication of the share capital that such shares represent.

2. *Once this information has been publicly announced, the chair of the General Shareholders' Meeting shall, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.*
3. *If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, taking notice of the request to prepare the minutes of the meeting.*
4. *If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders' Meeting and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.*

Article 34. Shareholder Presentation Period

1. *Presentations by the shareholders or their proxy representatives shall occur in the order in which they are called by the secretary. No shareholder or proxy-holder may make a presentation without having been granted the floor or to decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.*
2. *Shareholders or their proxy representatives must make reasonable use of their presentation right with respect to both the duration thereof, which shall be a maximum of five minutes, without prejudice to the chair's powers to limit or extend them, as well as the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.*
3. *At the time of their accreditation, those shareholders or their proxy representatives who so desire may deliver the text of their presentation to the Office of the Shareholder in order to obtain a photocopy and thus facilitate the meeting proceedings and the preparation of the minutes. This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In*

this case, the Office of the Shareholder shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder's presentation.

- 4. In addition, during the shareholder presentation period, the representative of the Company appointed by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions for delivery to the chair.*

Article 35. Right to Receive Information during the General Shareholders' Meeting

- 1. During the presentation period, shareholders or their proxy representatives may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of article 31 above.*
- 2. The Company provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of article 15 above and without prejudice to the provisions of section 5 thereof.*
- 3. The information or clarifications requested shall be provided by the chair or by any other person designated thereby.*
- 4. If it is not possible to respond to the request for information, clarification or request during the proceedings, the response shall be sent in writing within the next seven days.*
- 5. A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting.*

Article 36. Order of Shareholder Presentations, Requests, and Proposals

- 1. The powers to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which they should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement*

to the call to meeting, if any, they are excluded by law, or they breach the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide upon without such resolutions appearing on the agenda of the call to meeting.

2. *In the exercise of the chair's powers to order the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:*
 - a) *Extend the time initially allocated to each presenting party, when the chair deems it appropriate.*
 - b) *Decide the order in which answers will be provided and whether such answers will be given following each presentation or collectively and, if appropriate, in summarised form after the last presentation.*
 - c) *End the shareholder presentation period.*
 - d) *Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.*
 - e) *Call the presenting parties to order so that they limit their presentation to business properly before the General Shareholders' Meeting and refrain from making improper statements or exercising their right of presentation in an abusive or obstructionist manner.*
 - f) *Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding sub-section, withdraw the floor therefrom.*
 - g) *Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.*
3. *The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.*

4. *The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda for the meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of article 40.2 of these Regulations shall apply, without prejudice to the chair's ability to decide on the use of other procedures or alternative voting systems.*

Article 37. Temporary Suspension

1. *In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders' Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair may adopt such additional measures as the chair deems appropriate to ensure the safety of the attendees and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.*
2. *Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair shall consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved, the chair shall immediately adjourn the meeting.*

Article 38. Continuation

1. *Upon good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.*
2. *Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the Corporate Governance System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of article 41.3."*

D.- Amendment of Titles VI (Voting and Adoption of Resolutions), VII (Closure and Minutes of the Meeting) and VIII (Subsequent Acts).

To amend the articles currently making up Titles VI, VII, and VIII of the *Regulations for the General Shareholders' Meeting*, which shall hereafter read as follows:

“TITLE VI. VOTING AND ADOPTION OF RESOLUTIONS

Article 39. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting

1. *Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person and the security of the electronic communications are assured. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.*
2. *In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card issued in their favour by the corresponding entity, setting forth thereon the direction of their vote, their abstention, or their blank vote, and the direction of the vote in these cases.*
3. *Votes by electronic correspondence shall be cast using a recognised electronic signature or using the personal passwords referred to in letter c of article 19.2 above or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.*
4. *Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
5. *The absentee voting referred to in this article shall be rendered void:*
 - a) *By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.*
 - b) *By attendance at the meeting of the shareholder casting the vote.*
 - c) *If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.*

6. *If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.*
7. *As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant proxy representation through any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.*
8. *The Board of Directors is authorised to develop the appropriate rules, means, and procedures to organise the casting of votes and the grant of proxies by electronic means.*

Specifically, the Board of Directors may: establish rules for the use of personal passwords and other guarantees other than electronic signatures for casting electronic votes or by other valid means of distance communication and to grant proxies by electronic correspondence. It may also the advance period of twenty-four hours established for receipt by the Company of absentee votes and proxies granted by postal or electronic correspondence, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept absentee votes and proxies received after such period, to the extent permitted by the means available.

The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The Shareholder's Guide and other implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.

The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy,

and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through brokers, representatives, or depositaries of shares, all in accordance with the provisions set forth in the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.

Article 40. Voting on Proposed Resolutions

1. *Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these Regulations, the proposed resolutions regarding matters included in the agenda of the call to meeting and any others that pursuant to law may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Corporate Governance System, shall be submitted to a vote.*

The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the By-Laws, that of each article or autonomous group of articles, and (iii) those matters for which this is provided in the Corporate Governance System.

The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders' Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be withdrawn and therefore not be voted upon.

2. *As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:*
 - a) *In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank, or abstain, stating*

so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders' Meeting) for note thereof to be taken in the minutes of the meeting, shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting), shall be deemed votes in favour.

- b) *In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank, or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.*
- 3. *If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.*
- 4. *Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients.*

Article 41. Approval of Resolutions and Announcement of Voting Results

- 1. *The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the majorities required by law or the By-Laws. Each voting share, whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder,*

the conflicts of interest provided for in article 28 of the By-Laws, other instances in which the By-Laws provide for the suspension of voting rights, or the restrictions established by law.

2. *Except in cases in which the law or the By-Laws require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.*

For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present, or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the By-Laws, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.

3. *Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders' Meeting, regarding the direction of their vote for recording in the minutes of the meeting.*
4. *Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any.*

TITLE VII. CLOSURE AND MINUTES OF THE MEETING

Article 42. Closure

Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders' Meeting, the General

Shareholders' Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.

Article 43. Minutes

1. *The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.*
2. *Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the By-Laws.*
3. *In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not require approval.*

TITLE VIII. SUBSEQUENT ACTS

Article 44. Publication of Resolutions

1. *Without prejudice to registration at the Commercial Registry of recordable resolutions or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission, by means of a notice of significant event (hecho relevante), the literal text or a summary of the contents of the resolutions approved at the General Shareholders' Meeting.*
2. *The text of the resolutions adopted and the voting results shall be published in full on the Company's corporate website within five days of the end of the General Shareholders' Meeting*
3. *Furthermore, at the request of any shareholder or their representative at the General Shareholders' Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes."*

ITEM TEN ON THE AGENDA

Approval of a reduction in share capital by means of the retirement of 148,483,000 own shares representing 2.324% of the share capital of IBERDROLA, S.A. Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the powers to amend the article of the By-Laws governing share capital and to apply for the removal from trading of the retired shares and for the removal thereof from the book-entry registers.

RESOLUTION

1. Reduction in Share Capital by means of the Retirement of both Currently Existing Treasury Shares and Own Shares of the Company Acquired through a Buy-back Programme for the Retirement thereof

To reduce the share capital of IBERDROLA, S.A. (the “**Company**”) by the amount resulting from the sum of:

(i) 101,826,370.5 euros, through the retirement of 135,768,494 currently existing treasury shares, each with a nominal value of 0.75 euro, acquired under the authorisation granted by the shareholders at the General Shareholders’ Meeting held on 28 March 2014 under item nine on the agenda and within the limits established by section 146 and related provisions and section 509 of the Companies Act (the “**Existing Treasury Shares**”); and

(ii) the aggregate nominal value, up to the maximum amount of 9,535,879.5 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a maximum of 12,714,506 own shares, that are acquired for their retirement under the buy-back programme approved by the Board of Directors on 17 February 2015 under the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003, and in effect, at the latest, through 31 May 2015 (the “**Buy-back Programme**”).

Consequently, the maximum amount of the reduction in capital (the “**Reduction in Capital**”) would be 111,362,250.00 euros, through the retirement of a maximum of 148,483,000 own shares, each with a nominal value of 0.75 euro, representing not more than 2.324% of the share capital at the time the resolution is approved.

In accordance with the provisions below, the final amount of the Reduction in Capital will be set by the Board of Directors of the Company depending upon the final number of shares acquired from the shareholders within the framework of the Buy-back Programme.

2. Procedure for Acquisition of the Shares that Will Be Retired under the Buy-back Programme

Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 17 February 2015, the Company may acquire a maximum number of 12,714,506 own shares, each with a nominal value of 0.75 euro and representing a maximum of 0.199% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders' Meeting held on 28 March 2014 under item nine on the agenda.

As provided in the aforementioned resolution of the Board of Directors, the own shares will be acquired on such terms as to price and volume as are established in article 5 of Commission Regulation (EC) No 2273/2003 of 22 December 2003.

In accordance with the foregoing, pursuant to section 340.3 of the Companies Act, if the Company fails to acquire the maximum number of 12,714,506 own shares, each with a nominal value of 0.75 euro, under the Buy-back Programme, it will be understood that the share capital is reduced by the sum of (i) the amount corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the shares effectively acquired under the Buy-back Programme.

Consequently, the shares will be acquired upon the terms set forth in sections 144.a) and 338 through 342 of the Companies Act, to the extent applicable, in section 12.2 of Royal Decree 1066/2007 of 27 July, and in Commission Regulation (EC) No 2273/2003 of 22 December 2003, without the need for a takeover bid for the shares of the Company planned to be retired.

3. Procedure for the Reduction and Reserves with a Charge to Which It Is Carried Out

Pursuant to the provisions of section 342 of the Companies Act, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it will be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by section 335 c) of the Companies Act.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by section 334 of the Companies Act in connection with the Reduction in Capital.

4. Ratification of Resolutions of the Board of Directors

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired and the effectiveness period, as well as to ratify the acts, statements, and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

5. Delegation of Powers

To delegate to the Board of Directors, with express powers of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express powers of substitution:

(a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003.

(b) To perform any acts, make any statements, or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to, and sign all contracts, agreements, commitments, or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.

(c) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme, and, within one month following the expiration of the Buy-back Programme, retire the shares in accordance with the terms approved herein.

(d) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.

(e) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.

(f) To amend the article of the *By-Laws* governing share capital such that it reflects the new amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.

(g) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument embodying the Reduction in Capital has been executed and registered with the Commercial Registry, the retired shares are delisted from the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry registers.

(h) To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any public or private, Spanish or foreign entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the Companies Act, the Board of Directors is expressly authorised to in turn delegate the powers referred to in this resolution.

ITEM ELEVEN ON THE AGENDA

Delegation of powers to formalise and implement all resolutions adopted by the shareholders at the General Shareholders' Meeting, for conversion thereof into a public instrument, and for the interpretation, correction, supplementation thereof, further elaboration thereon, and registration thereof.

RESOLUTION

Without prejudice to the powers delegated in the preceding resolutions, to jointly and severally authorise the Board of Directors, the Executive Committee, the chairman & CEO, and the general secretary and secretary of the Board of Directors, such that any of them, to the fullest extent permitted by law, may implement the resolutions adopted by the shareholders acting at this General Shareholders' Meeting, for which purpose they may:

(a) Elaborate on, clarify, make more specific, interpret, complete, and correct them.

(b) Carry out such acts or legal transactions as may be necessary or appropriate for the implementation of the resolutions, execute such public or private documents as they deem necessary or appropriate for the full effectiveness thereof, and correct all omissions, defects, or errors, whether substantive or otherwise, that might prevent the recording thereof with the Commercial Registry.

(c) Prepare restated texts of the *By-Laws* and the *Regulations for the General Shareholders' Meeting*, including the amendments approved at this General Shareholders' Meeting.

(d) Delegate to one or more of its members all or part of the powers of the Board of Directors that they deem appropriate, including those corresponding to the Board of Directors and all that have been expressly allocated to them by the shareholders acting at this General Shareholders' Meeting, whether jointly or severally.

(e) Determine all other circumstances that may be required, adopt and implement the necessary resolutions, publish the notices, and provide the guarantees that may be required for the purposes established by law, formalise the required documents, and carry out all necessary proceedings and comply with all requirements under the law for the full effectiveness of the resolutions adopted by the shareholders at this General Shareholders' Meeting.

ITEM TWELVE ON THE AGENDA

Consultative vote regarding the *Annual Director Remuneration Report* for financial year 2014.

RESOLUTION

To approve, on a consultative basis, the *Annual Director Remuneration Report* for financial year 2014, the full text of which was made available to the shareholders together with the other documentation relating to the General Shareholders' Meeting from the date of publication of the announcement of the call to meeting.



BOARD OF DIRECTORS' REPORTS





REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE TWO PROPOSED INCREASES IN CAPITAL BY MEANS OF SCRIP ISSUES, IN CONNECTION WITH ITEM SIX ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the Report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of sections 286 and 296 of the Companies Act (*Ley de Sociedades de Capital*), in order to provide a rationale for the two proposed increases in share capital by means of scrip issues through the issuance of new shares with a charge to reserves, which are submitted to the shareholders for approval at the General Shareholders’ Meeting under item six –sections A and B– on the agenda.

Pursuant to such sections, the Board of Directors must prepare a report setting forth the rationale for the proposals being submitted to the shareholders at the General Shareholders’ Meeting, to the extent that the approval of each increase and the implementation thereof necessarily entails the amendment of the article of the *By-Laws* regarding share capital.

Given that the two increases in share capital by means of scrip issues have the same purpose and are implemented in an identical manner, this report provides the rationale for both proposals. For purposes of easier understanding by the shareholders of the transaction that gives rise to the proposals, a description of the purpose of and rationale for both increases in share capital is first provided. A description is then presented of the main terms and conditions thereof. Finally, the proposed resolutions submitted to the shareholders for approval at the General Shareholders’ Meeting are included.

2. Purpose of and Rationale for the Proposals

2.1 Purpose of the Proposals

The Company has traditionally compensated its shareholders by paying cash dividends, and it plans to maintain a policy whereby shareholders may, if they so wish, continue to receive their entire compensation in cash. Notwithstanding the foregoing, in order to improve its dividend payment policy, in 2010 the Company first offered its shareholders an option (known as the “Iberdrola Flexible Dividend”) that allowed them to receive, in the alternative, bonus shares of the Company, giving them the benefit of favourable tax treatment, but without limiting their ability to receive in cash an amount



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equivalent to the payment of a dividend. Such formula was repeated in 2011, 2012, 2013, and 2014. Given its good reception, the Company has decided to offer the same possibility again this year.

Accordingly, the purpose of the proposals to increase share capital by means of scrip issues made to the shareholders at the General Shareholders' Meeting and covered by this report is to offer all of the Company's shareholders newly-issued bonus shares or, ultimately, and through the transfer to the Company of the free-of-charge allocation rights that they receive for the shares they hold (as set forth in section 2.2 below), the possibility of obtaining, at a minimum, equivalent value to that of the traditional dividend payments in cash, without altering the shareholder remuneration policy as a result. Furthermore, under this system the shareholders of the Company would have the option to monetise their free-of-charge allocation rights through the transfer thereof on the market, without having the right to receive a guaranteed fixed price in this case.

2.2 Structure of the Proposals

The proposals submitted to the shareholders for approval at the General Shareholders' Meeting under item six –sections A and B– on the agenda, which consist of offering the Company's shareholders the option to receive their choice of bonus shares or a cash amount, in both instances at least equal to the payment of any dividend that they would have been entitled to receive (the “**Option**”), have been structured in the form of two increases in share capital with a charge to the reserves as contemplated in section 303.1 of the Companies Act (each such increase in capital shall be referred to as an “**Increase in Capital**” and, collectively, as the “**Increases in Capital**”). The foregoing should be understood to be without prejudice to the distribution of a cash dividend upon the terms proposed for approval by the shareholders at the Company's General Shareholders' Meeting under item five on the agenda.

Notwithstanding the fact that the Increases in Capital have the purpose described above, each of them is independent of the other, such that each Increase in Capital would be implemented on different dates and the Company might even decide not to implement one or both of them, in which case the respective Increase in Capital would be deprived of effect, as provided in section 3.7 below.

As explained below, the total number of shares to be issued in each Increase in Capital will be such that the sum of the reference market value of such shares at the time of the implementation thereof (calculated in accordance with the procedure described in this report) will come to the maximum amount of 777 million euros in the first Increase in Capital and of 886 million euros in the second Increase in Capital.

It is expected that the first Increase in Capital will be implemented on dates around the month of July 2015, while the second Increase in Capital is planned for dates around the months of December 2015 or January 2016.

On each of the two dates that the Board of Directors (with express power of substitution) decides to implement an Increase in Capital:

(a) The Company's shareholders will receive one free-of-charge allocation right for each Iberdrola share they hold at that time. These rights will be tradable and, therefore, transferable on the same terms as the shares from which they derive on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*), for a term of at least fifteen calendar days, at the expiration of which term such rights will automatically become newly-issued shares, which will be allocated to those who are then holders of said free-of-charge allocation rights.

The specific number of shares to be issued in each Increase in Capital and, consequently, the number of rights required for the allocation of one new share will depend on the listing price of the Company's shares at the time the implementation of the Increase in Capital is approved, in accordance with the procedure described in this report (the "**Listing Price**" or "**ListPri**").

In any event, as explained below, the total number of shares to be issued in each Increase in Capital will be such that the reference market value of such shares (calculated at the Listing Price) will in no event be greater than the Amount of the Option (as defined in section 2.4 below) established for each Increase in Capital (which, in the case of the first Increase in Capital, may not exceed 777 million euros, and in the case of the second Increase in Capital, may not exceed 886 million euros).

(b) In each Increase in Capital, the Company will assume, upon the terms and conditions set forth below, an irrevocable commitment to purchase such free-of-charge allocation rights at a fixed price (the "**Purchase Commitment**"). Such fixed price will be calculated prior to the commencement of the period for trading the free-of-charge allocation rights of the respective Increase in Capital in accordance with the provisions of section 3.3 below. In this way, the Company assures all of the shareholders of the ability to monetise their rights if they do not wish to receive new shares.

The object of the Purchase Commitment assumed by the Company will be such as is determined by the Board of Directors of Iberdrola, in exercise of the powers delegated thereto by the shareholders at the General Shareholders' Meeting (with express power of substitution) and taking into account market conditions and the corporate interest, based on the following two alternatives:

(i) the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) on the relevant date, excluding such rights as have been transferred on the market; or

(ii) all of the free-of-charge allocation rights, regardless of whether the holders thereof have received them from the Company without charge because of their status as shareholders at the time of allocation thereof or have acquired them on the market.

Therefore, upon each Increase in Capital, the shareholders will have the option, at their own discretion¹:

(a) To not transfer their free-of-charge allocation rights. In this case, at the end of each trading period, the shareholders will receive such number of new shares as they are proportionately entitled to receive, entirely as bonus shares.

(b) To transfer all or part of their free-of-charge allocation rights to the Company pursuant to the Purchase Commitment, at a guaranteed fixed price for such Increase in Capital. In this way, shareholders would choose to monetise their rights and receive in cash an amount that is at least equal to any dividend that the Company would have paid.

(c) To transfer all or part of their free-of-charge allocation rights on the market. In this case, shareholders would also choose to monetise their rights, but they would not receive a guaranteed fixed price; rather, the consideration for such rights would depend on market conditions in general and on the listing price of such rights in particular.

In each Increase in Capital, the Company's shareholders may combine any of the alternatives mentioned in items (a) through (c) above. In this regard, it should be borne in mind that the tax treatment of the above alternatives is different, as described in section 3.6.

2.3 Coordination with the Distribution of Cash Dividends

As stated above, within the period of one year from the date on which the shareholders acting at the General Shareholders' Meeting approve the resolution proposed herein, and provided that the legal and financial conditions prevailing from time to time so advise, the Company could again put into practice the shareholder compensation system known as the "Iberdrola Flexible Dividend", replacing the traditional payment of dividends in cash with one or two increases in share capital by means of scrip issues, maintaining in all events the possibility for the shareholders to receive, at their election, a cash amount that is at least equal to their entire customary cash compensation (through the Option, as such term is defined in section 2.2 above). In this way, the Company seeks to ensure that shareholders that so wish will receive a cash

¹ The options available to the holders of ADRs (in the United States of America) and of CDIs (in the United Kingdom) may have particularities of their own as compared to the options described in this report, based on the terms and conditions applicable to the programmes in which such holders participate.

amount that is at least equal to what could have been the traditional dividend amounts paid.

The foregoing should be understood to be without prejudice to the distribution of a cash dividend, if approved by the shareholders at the Company's General Shareholders' Meeting under item five on the agenda.

2.4 Amount of the Option in each Increase in Capital

The structure of the proposals consists of offering bonus shares to the shareholders, on one or two occasions, during the period of one year from the date of approval of the proposed resolutions by the shareholders acting at the General Shareholders' Meeting and provided that the legal and financial conditions prevailing from time to time so advise.

The aggregate market value of the bonus shares to be issued in the Increases in Capital, calculated on the basis of the Listing Price applicable at the time of implementation of each Increase in Capital, will be fixed by the Board of Directors (or the body acting by delegation therefrom) and will come to a maximum amount of 777 million euros in the first Increase in Capital and of 886 million euros in the second Increase in Capital (the "**Amount of the Option**" of each Increase in Capital, respectively).

The Amount of the Option of each Increase in Capital will be set and announced as provided in section 3.1 below.

3. Main Terms and Conditions of the Increases in Capital

Set forth below are the main terms and conditions of the Increases in Capital.

3.1 Nominal Amount of the Increases in Capital, Number of Shares to Be Issued, and Number of Free-of-charge Allocation Rights Required for the Allocation of One New Share

The nominal amount of each Increase in Capital will be the result of multiplying the number of new shares to be issued in each of such increases by the nominal value of the shares of the Company (seventy-five euro cents per share). The Increases in Capital will thus be carried out at par, without a share premium.

In turn, the number of shares to be issued in each Increase in Capital will be the result of dividing the respective Amount of the Option by the Listing Price applicable in each increase.

The Listing Price or ListPri of each Increase in Capital will be the arithmetic mean of the average weighted listing prices of the Company's shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges in the five trading sessions prior to

the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one new share, as well as the Purchase Price (as such term is defined below), rounded to the closest one-thousandth part of one euro.

The number thus calculated will be rounded as required to obtain a whole number of shares and a ratio for the conversion of rights into shares that is also an integer. In addition, and for the same purposes, the Company or a company of its group that holds shares of the Company will waive the corresponding free-of-charge allocation rights as provided in section 3.2 below.

Specifically, at the time of the decision to implement each Increase in Capital, the Board of Directors (with express power of substitution) will determine the number of new shares to be issued and, as a consequence, the nominal amount of the Increase in Capital in question, as well as the number of free-of-charge allocation rights required for the allocation of one new share, by using the following formula (the result to be rounded to the next lower integer):

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}^2$$

Attached hereto as an Annex is a sample calculation of the maximum number of new shares to be issued in the first Increase in Capital, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share, and of the Purchase Price (as such term is defined below).

The Amount of the Option of each Increase in Capital will be made public by means of a notice of significant event (*hecho relevante*) to be sent to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

3.2 Free-of-charge Allocation Rights

In each Increase in Capital, each outstanding share will grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one new share

² **NNS** = Number of new shares to be issued;
TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors or the body acting by delegation therefrom resolves to implement each Increase in Capital; and
Num. rights = Number of free-of-charge allocation rights required for the allocation of one new share in the Increase in Capital in question, which number will result from the application of the following formula, rounded to the next higher integer:
$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri}$$

in each Increase in Capital will be automatically determined according to the ratio existing between the number of Iberdrola shares then outstanding on the date of implementation of the Increase in Capital in question (TNShrs.) and the provisional number of new shares, calculated by using the formula contained in section 3.1 above. Specifically, the holders of free-of-charge allocation rights will be entitled to receive one new share in exchange for the number of free-of-charge allocation rights held by them, which will be determined as provided in section 3.1 above.

In the event that the number of free-of-charge allocation rights required for the allocation of one new share (Num. rights) multiplied by the number of new shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital in question, the Company (or such entity within its group, if any, as holds shares of the Company) will waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of new shares be a whole number and not a fraction. In such an event, there will be an incomplete allocation of the Increase in Capital in question, and share capital will be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived (for which purposes, the provisions of section 3.3 below will also have to be taken into account), pursuant to the provisions of section 311 of the Companies Act.

The free-of-charge allocation rights will be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date. The free-of-charge allocation rights may be traded during such term as is established by the Board of Directors (with express power of substitution), which term will not be less than fifteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive new shares³.

3.3 Irrevocable Commitment to Purchase the Free-of-charge Allocation Rights

As explained above, within the context of the implementation of each Increase in Capital, the Company will assume the irrevocable commitment to purchase the free-of-charge allocation rights (as defined earlier, the “**Purchase Commitment**”) on the terms

³ Shareholders that do not have free-of-charge allocation rights in a number sufficient to receive one new share in each Increase in Capital may: (a) acquire on the market a sufficient number of free-of-charge allocation rights which, added to those already held by them, grant them the right to receive one new share; (b) transfer all or part of their free-of-charge allocation rights to the Company under the Purchase Commitment at a guaranteed fixed price; or (c) transfer all or part of their free-of-charge allocation rights on the market (in which case they will not be entitled to receive a guaranteed fixed price; rather, the consideration for their rights will depend on market conditions in general and on the listing price of the free-of-charge allocation rights in particular).

and conditions set forth in section 2.2 (b) above. In this way, the Company's shareholders will be assured of the possibility of selling their rights to the Company and of receiving, at their election, all or part of the Option in cash. The Purchase Commitment will be in effect and may be accepted during such term, within each period for trading the free-of-charge allocation rights, as is established for each Increase in Capital by the Board of Directors (with express power of substitution).

For such purposes, the Company is granted authority to acquire the aforementioned free-of-charge allocation rights up to the maximum limit of the total number of rights issued in each Increase in Capital, and must in any event observe such legal restrictions as may apply at any time. The purchase price under the Purchase Commitment will be a fixed price that will be different for each Increase in Capital and will be calculated prior to the commencement of the corresponding period for trading the free-of-charge allocation rights in accordance with the following formula (to which the definitions set forth in section 3.1 above apply), rounded to the closest one-thousandth part of one euro and, in the case of one-half of one-thousandth of one euro, to the next higher one-thousandth part of one euro (the "**Purchase Price**"):

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

The final Purchase Price thus calculated will be announced at the time of approval of the implementation of each Increase in Capital.

The acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be effected in each Increase in Capital with a charge to the reserves contemplated in section 303.1 of the Companies Act.

It is contemplated that, in each Increase in Capital, the Company will waive the new shares corresponding to the free-of-charge allocation rights that the Company has acquired under the Purchase Commitment. In such an event, there will be an incomplete allocation of the Increase in Capital in question, and share capital will be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of section 311 of the Companies Act.

3.4 Rights Attaching to the New Shares

The new shares issued in each Increase in Capital will be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries, and the book-entry registration of which will be entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and its member entities.

As from the date that each Increase in Capital is declared to be subscribed and paid up, the new shares will grant the holders thereof the same financial, voting, and

like rights as the ordinary shares of the Company currently outstanding. In particular, the holders of the new shares will be entitled to receive the interim dividend and supplementary dividend amounts, if any, that are paid after such date.

The Increases in Capital will be carried out free of expenses and fees as to the allocation of the new shares issued. The Company will bear the costs of issuance, subscription, flotation, admission to listing, and other costs associated with the Increases in Capital.

Without prejudice to the foregoing, the Company's shareholders should bear in mind that the entities members of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) with which they keep their shares on deposit may, pursuant to applicable law, establish such pass-through management fees and expenses as they may freely determine as a consequence of maintaining the securities in their book-entry records. Moreover, such member entities may, pursuant to applicable law, establish such pass-through fees and expenses as they may freely determine for the processing of orders to purchase and sell free-of-charge allocation rights.

3.5 Balance Sheet and Reserves with a Charge to which the Increases in Capital Are Carried Out

The balance sheet used as a basis for the Increases in Capital is the one for the financial year ended 31 December 2014, which has been audited by Ernst & Young, S.L., and which is submitted to the shareholders for approval at the General Shareholders' Meeting under item one on the agenda.

The Increases in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing each of them, the Board of Directors (with express power of substitution) will determine the reserve(s) that will be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

3.6 Tax Regime

Within the framework of the implementation of the "Iberdrola Flexible Dividend" system, the Company submitted a binding consultation to the General Tax Authority (*Dirección General de Tributos*) (the "DGT") regarding the tax treatment applicable to its shareholders in Spain, which was submitted to such agency on 23 November 2009. The consultation was answered by the DGT on 27 April 2010 and, in turn, the answer was clarified by the DGT, at the Company's request, on 1 October 2010.

The answer to such consultation indicates that the treatment is as described below. This tax treatment has not changed since the date of issuance of such answer for shareholders residing in common regions (*territorio común*), without prejudice to the

fact that the tax reform approved by the Spanish Parliament (*Cortes Generales*) in November 2014 has made changes affecting the tax regime in the Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) (“**IRPF**”) within the common regions (*territorio común*) and the Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (“**IRNR**”), for shareholders subject to these taxes who participate in the “Iberdrola Flexible Dividend” system. However, the changes that directly affect the taxation of the various options within the “Iberdrola Flexible Dividend” system will not enter into force until 1 January 2017 and are not considered in this informational document.

In addition, it should be taken into account that the Historical Territories of the Basque Country have amended their territorial regulations (*normas forales*) covering these types of transactions.

Pursuant to Spanish tax regulations, both in the common regions and in the Historical Territories of the Basque Country and in the Chartered Community of Navarre, the shareholders that choose to receive new shares as a consequence of the Increases in Capital will not be subject to tax for purposes of the IRPF, of the Corporate Income Tax (*Impuesto sobre Sociedades*) (“**IS**”), or of the IRNR, whether or not they act through a permanent establishment in Spain, nor will they be subject to any withholding or payment on account.

The acquisition value for these shareholders of both the new shares received as a consequence of each Increase in Capital and the shares from which they derive will result from distributing the total cost of acquisition among the applicable number of securities, including both existing securities and those issued as bonus shares. In respect of these shareholders, such bonus shares will be deemed to have been held for as long as the shares from which they derive. Consequently, in the event of a subsequent transfer, the income obtained will be calculated by reference to such new value.

In the event that the shareholders sell their free-of-charge allocation rights on the market, the amount obtained for the transfer of such rights on the market will be subject to the following tax treatment:

- For purposes of the IRPF and the IRNR on non-residents without a permanent establishment in Spain, the amount obtained for the transfer of the free-of-charge allocation rights on the market is subject to the same treatment that tax regulations provide for pre-emptive rights. Accordingly, in 2015 and 2016, the amount obtained for the transfer of the free-of-charge allocation rights reduces the acquisition value for tax purposes of the shares from which such rights derive.

Thus, if the amount obtained for the aforementioned transfer is larger than the acquisition value of the securities from which they derive, the difference will be deemed to be a financial profit earned by the transferor in the tax period in which the transfer is effected, all without prejudice to the potential application to persons subject to the

IRNR without a permanent establishment of the agreements for the avoidance of double taxation and for the prevention of tax evasion in the area of Income Tax entered into by Spain and to which they might be entitled.

In the case of shareholders who are individuals and residents of the Historical Territories of the Basque Country, the amount obtained for the transfer of the free-of-charge allocation rights is regarded as a financial profit.

- For purposes of the IS and the IRNR on non-residents with a permanent establishment in Spain, and to the extent that a complete commercial cycle is closed, the tax will be paid pursuant to applicable accounting regulations and, if applicable, pursuant to the special regimes for shareholders subject to the above-mentioned taxes.

In the event that the holders of free-of-charge allocation rights in relation to whom the Company has assumed the Purchase Commitment decide to use such Purchase Commitment, the tax treatment applicable to the amount received for the transfer to the Company of their free-of-charge allocation rights will be equal to the treatment applicable to dividends directly distributed in cash and, consequently, such amount will be subject to the corresponding withholding and taxes.

It should be borne in mind that this analysis (which has been performed on the basis of specific assumptions) does not cover all the possible tax consequences of the proposals described in this report. In particular, it does not describe the consequences to which shareholders that are not residents in Spain for tax purposes may be subject in their countries of residence. Therefore, it is recommended that attention be paid to any amendments that may be made to the law applicable as of the date of this report, to the transitional provisions thereof, and to the rules for interpretation, as well as to any changes that may occur in the particular circumstances of each shareholder or holder of free-of-charge allocation rights.

The holders of American Depositary Receipts (ADRs) and CREST Depositary Interests (CDIs) representing shares of the Company are advised to consult with their tax advisers before making a decision in connection with the Increases in Capital.

3.7 Delegation of Powers and Implementation of the Increases in Capital

It is proposed to delegate to the Board of Directors, with express power of substitution, the power to set the date on which each Increase in Capital is to be carried out, as well as to establish the terms and conditions applicable to such increases as to all matters not provided for by the shareholders at the General Shareholders' Meeting (including, in particular, Amount of the Option), all on the terms and within the period of one year contemplated in section 297.1.a) of the Companies Act. Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to implement either of the Increases in Capital, it may, within the aforementioned period, refrain from implementing the Increases in Capital (one or

both), with the duty to inform the shareholders thereof at the next General Shareholders' Meeting held. Specifically, the Board of Directors (with express power of substitution) will analyse and take into account the market conditions, the circumstances of the Company itself, or those deriving from an event that has social or financial significance, and if these or other factors make it inadvisable, in its opinion, to implement either of the Increases in Capital, it may decide not to implement it. In addition, the Increase in Capital in question will be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto within the period of one year established by the shareholders at the General Shareholders' Meeting for implementation thereof.

On the dates that the Board of Directors, or the body acting by delegation therefrom, decides to implement an Increase in Capital, establishing for such purpose all of the final terms and conditions thereof as to all matters not provided for by the shareholders at the General Shareholders' Meeting, the Company will make public such terms and conditions. In particular, prior to the commencement of each free-of-charge allocation period, the Company will make available to the public a document containing information on the number and nature of the shares and the reasons for the Increase in Capital, all as provided by section 26.1.e) of Royal Decree 1310/2005 of 4 November, which further develops a part of the provisions of Law 24/1988 of 28 July on the Securities Market.

Once the period for trading the free-of-charge allocation rights in respect of each Increase in Capital has ended:

(a) The new shares will be allocated to those who, according to the records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and by its member entities, are the holders of free-of-charge allocation rights in the required proportion.

(b) The period for trading the free-of-charge allocation rights will be declared to have ended and the appropriation of the account(s) with a charge to which the Increase in Capital will be implemented will be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.

Finally, in each Increase in Capital, the Board of Directors (with express power of substitution) will adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of share capital and the number of shares resulting from the Increase in Capital in question, and to make application for trading the new shares as described in the next section.

3.8 Admission of the New Shares to Trading

The Company will make application for trading the new shares to be issued as a consequence of each Increase in Capital on the Bilbao, Madrid, Barcelona, and Valencia

Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and will carry out such acts and formalities as are required for admission to trading of the new shares issued in each Increase in Capital.

4. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

“ITEM SIX ON THE AGENDA

Increases in share capital by means of scrip issues in order to implement two new editions of the “Iberdrola Flexible Dividend” system.

RESOLUTION

A.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 777 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

1. Increase in Capital with a Charge to Reserves

To increase the share capital by the amount resulting from multiplying (a) the nominal value of each share of IBERDROLA, S.A. (the “**Company**”), equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 2 below, on the date of implementation of the increase in share capital (all of the new shares of the Company issued by way of implementation of this resolution shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”), which amount may not in any event exceed the sum of the reference market value of the New Shares equal to a maximum limit of 777 million euros (the “**Increase in Capital**”).

The Increase in Capital will be carried out by means of the issuance and flotation, if applicable, on the date of implementation of the Increase in Capital, of the New Shares, which will be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act (*Ley de Sociedades de Capital*). When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares will be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and will be allocated to the shareholders of the Company without charge.

Within the year following the date of approval of this resolution, the Increase in Capital may be implemented by the Board of Directors, with express power of substitution, at its sole discretion, and therefore without having to resort again to the shareholders at a General Shareholders' Meeting, and by taking into consideration the legal and financial conditions prevailing at the time of implementing the Increase in Capital, in order to offer the Company's shareholders a flexible and efficient compensation formula. The date on which the Increase in Capital is expected to be implemented will be close to July 2015. The number of New Shares to be issued will be such as results from the formula set forth in section 2 below, provided, however, that the Amount of the Option (as such term is defined in section 2 below) may under no circumstances exceed the maximum amount of 777 million euros.

Pursuant to the provisions of section 311 of the Companies Act, the possibility of an incomplete allocation of the Increase in Capital is contemplated in the event that the Company, a company within its group, or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of the Increase in Capital, for which reason, in the event of such waiver, the share capital will be increased by the corresponding amount.

2. New Shares to Be Issued

The number of New Shares to be issued will be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Number of New Shares to be issued;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors or the body acting by delegation therefrom resolves to implement the Increase in Capital; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri.}$$

For these purposes, “**Amount of the Option**” will mean the maximum reference market value of the Increase in Capital to be set by the Board of Directors, or the body acting by delegation therefrom, which will not be greater than 777 million euros, in accordance with the maximum limit set in section 1 above.

For its part, “**ListPri**” will be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges in the five trading sessions prior to the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share, as well as the Purchase Price (as such term is defined below), rounded to the closest one-thousandth part of one euro.

3. Free-of-charge Allocation Rights

Each outstanding share of the Company will grant its holder one free-of-charge allocation right. The number of free-of-charge allocation rights required to receive one New Share will be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 2 above. Specifically, the holders of free-of-charge allocation rights will be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which will be determined as provided in section 2 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) will waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights will be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date.

The free-of-charge allocation rights will be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded on the market during such term as is established by the Board of Directors, with express power of substitution, which term will not be less than fifteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares.

4. Irrevocable Commitment to Purchase the Free-of-charge Allocation Rights

At the time of implementation of the Increase in Capital, the Company will assume an irrevocable commitment to purchase the free-of-charge allocation rights at the price set forth below (the “**Purchase Commitment**”) on the terms and conditions described below. The Purchase Commitment will be in effect and may be accepted during such term, within the period for trading the rights, as is established by the Board of Directors, with express power of substitution. For such purpose, it is resolved to authorise the Company to acquire the aforementioned free-of-charge allocation rights up to the maximum limit of the total number of rights issued, in all cases with due observance of any legal restrictions.

The object of the Purchase Commitment assumed by the Company will be such as is determined by the Board of Directors, in exercise of the powers delegated thereto by the shareholders at the General Shareholders’ Meeting, with express power of substitution, and taking into account market conditions and the corporate interest, based on the following two alternatives:

- (i) the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date, excluding such rights as have been transferred on the market; or
- (ii) all of the free-of-charge allocation rights, regardless of whether the holders thereof have received them from the Company without charge because of their status as shareholders at the time of allocation thereof or have acquired them on the market.

The “**Purchase Price**” will be the fixed price at which the Company will acquire each free-of-charge allocation right under the Purchase Commitment and will be calculated in accordance with the following formula, with the resulting number being rounded to the closest one-thousandth part of one euro and, in the case of one-half of one-thousandth of one euro, to the next higher one-thousandth part of one euro:

$$\text{Purchase Price} = \text{ListPri} / (\text{Num. rights} + 1)$$

The acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be effected with a charge to the reserves contemplated in section 303.1 of the Companies Act.

5. Balance Sheet for the Transaction and Reserve with a Charge to which the Increase in Capital is Carried Out

The balance sheet used as a basis for the transaction is the one for the financial year ended 31 December 2014, duly audited and submitted to the shareholders for approval at this General Shareholders’ Meeting under item one on the agenda.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

6. Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) and its member entities.

7. Rights Attaching to the New Shares

The New Shares will grant the holders thereof the same financial, voting, and like rights as the ordinary shares of the Company that are outstanding as from the date on which the Increase in Capital is declared to be subscribed and paid up. In particular, the holders of the New Shares will be entitled to receive the interim dividend and supplementary dividend amounts, if any, that are paid as from the date on which the Increase in Capital is declared to be subscribed and paid up.

8. Shares on Deposit

Once the period for trading the free-of-charge allocation rights has ended, the New Shares that could not be allocated for reasons not attributable to the Company will be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of the aforementioned period for trading the free-of-charge allocation rights, the New Shares that are still pending allocation may be sold in accordance with the provisions of section 117 of the Companies Act, at the expense and peril of the interested parties. The cash amount from such sale will be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

9. Application for Admission to Trading

To make application for trading the New Shares to be issued pursuant to this increase in capital resolution on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and to carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a consequence of the approved Increase in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading, and removal from trading on official markets.

It is expressly stated for the record that, in the event of a subsequent request for removal from trading of the shares of the Company, such removal will be carried out with such formalities as apply thereto and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove will be safeguarded, in compliance with the requirements set out in the Companies Act and related provisions, all in accordance with Law 24/1988 of 28 July on the Securities Market and the provisions issued by way of implementation thereof in effect at any time.

10. Implementation of the Increase in Capital

Within a period of one year from the date of this resolution, the Board of Directors, with express power of substitution, may set the date on which the Increase in Capital resolution is to be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option). Notwithstanding the foregoing, if the Board of Directors, with express power of substitution, does not deem it advisable to implement, in whole or in part, the Increase in Capital within the aforementioned period, it may refrain from implementing the Increase in Capital, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting held. Specifically, the Board of Directors will analyse

and take into account the market conditions, the circumstances of the Company itself, or those deriving from an event that has social or financial significance, and if these or other factors make it inadvisable, in its opinion, to implement the Increase in Capital, it may decide not to implement it. In addition, the Increase in Capital will be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto within the period of one year established by the shareholders at the General Shareholders' Meeting for implementation thereof.

Once the period for trading the free-of-charge allocation rights has ended, the following shall apply:

(a) The New Shares will be allocated to those who, according to the records maintained by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and its member entities, are the holders of free-of-charge allocation rights in the proportion resulting from section 3 above.

(b) The period for trading the free-of-charge allocation rights will be declared to have ended and the appropriation of the account(s) with a charge to which the Increase in Capital will be implemented will be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.

Likewise, once the period for trading the free-of-charge allocation rights has ended, the Board of Directors, with express power of substitution, will adopt the resolutions required to amend the *By-Laws*, so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the Increase in Capital, and to make application for trading the New Shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

11. Delegation of Powers to Implement the Increase in Capital

Pursuant to the provisions of section 297.1.a) of the Companies Act, to delegate to the Board of Directors, with express power of substitution, the power to set the date on which the Increase in Capital is to be carried out, if at all, and to set the terms and conditions thereof as to all matters not provided for in this resolution. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

(a) Set the date on which the Increase in Capital must be implemented, which shall in any case be within a period of one year from approval thereof, and determine the schedule for implementation of the Increase in Capital.

(b) Set the exact amount of the Increase in Capital, the Amount of the Option, the number of New Shares, and the number of free-of-charge allocation rights necessary

for the allocation of one New Share, applying the rules established by this resolution for such purpose.

(c) Determine the reserve(s), among those contemplated in this resolution, with a charge to which the Increase in Capital and the acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be implemented.

(d) Designate the company or companies that will assume the duties of agent and/or financial adviser in connection with the Increase in Capital, and sign all required contracts and documents for such purpose.

(e) Set the duration of the period for trading the free-of-charge allocation rights.

(f) Set the period during which the Purchase Commitment will be in effect and determine the object of the Purchase Commitment within the limits established in this resolution.

(g) Fulfil the Purchase Commitment, paying the corresponding amounts to those who have accepted such commitment.

(h) Declare the Increase in Capital to be closed and implemented, setting, for such purpose, the number of New Shares actually allocated and, therefore, the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of the Increase in Capital.

(i) Amend the article of the *By-Laws* governing share capitalsuch that it reflects the new amount of share capital and the number of outstanding shares resulting from the implementation of the Increase in Capital.

(j) Waive the free-of-charge allocation rights held by the Company as a result of the Purchase Commitment at the end of the period for trading them, and thus waive the New Shares corresponding to such rights.

(k) Waive any free-of-charge allocation rights to subscribe for New Shares, for the sole purpose of facilitating the number of New Shares being a whole number and not a fraction.

(l) Take all steps required for the New Shares to be included in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market).

(m) Take any actions that are necessary or appropriate to implement and formalise the Increase in Capital before any public or private entities or agencies, whether domestic or foreign, including acts for purposes of representation or supplementation or to cure defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the Companies Act, the Board of Directors is expressly authorised to in turn delegate the powers referred to in this resolution.

B.- Approval of an increase in share capital by means of a scrip issue at a maximum reference market value of 886 million euros for the free-of-charge allocation of new shares to the shareholders of the Company. Offer to the shareholders of the acquisition of their free-of-charge allocation rights at a guaranteed fixed price. Express provision for the possibility of an incomplete allocation. Application for admission of the shares issued to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*). Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the power to amend the article of the *By-Laws* governing share capital.

1. Increase in Capital with a Charge to Reserves

To increase the share capital by the amount resulting from multiplying (a) the nominal value of each share of IBERDROLA, S.A. (the “**Company**”), equal to seventy-five euro cents, by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 2 below, on the date of implementation of the increase in share capital (all of the new shares of the Company issued by way of implementation of this resolution shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”), which amount may not in any event exceed the sum of the reference market value of the New Shares equal to a maximum limit of 886 million euros (the “**Increase in Capital**”).

The Increase in Capital will be carried out by means of the issuance and flotation, if applicable, on the date of implementation of the Increase in Capital, of the New Shares, which will be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares will be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and will be allocated to the shareholders of the Company without charge.

Within the year following the date of approval of this resolution, the Increase in Capital may be implemented by the Board of Directors, with express power of substitution, at its sole discretion, and therefore without having to resort again to the shareholders at a General Shareholders' Meeting, and by taking into consideration the legal and financial conditions prevailing at the time of implementing the Increase in Capital, in order to offer the Company's shareholders a flexible and efficient compensation formula. The date on which the Increase in Capital is expected to be implemented will be close to the months of December 2015 or January 2016. The number of New Shares to be issued will be such as results from the formula set forth in section 2 below, provided, however, that the Amount of the Option (as such term is defined in section 2 below) may under no circumstances exceed the maximum amount of 886 million euros.

Pursuant to the provisions of section 311 of the Companies Act, the possibility of an incomplete allocation of the Increase in Capital is contemplated in the event that the Company, a company within its group, or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of the Increase in Capital, for which reason, in the event of such waiver, the share capital will be increased by the corresponding amount.

2. New Shares to Be Issued

The number of New Shares to be issued will be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

$$\text{NNS} = \text{Number of New Shares to be issued;}$$

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors or the body acting by delegation therefrom resolves to implement the Increase in Capital; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:

Provisional number of shares = Amount of the Option / ListPri.

For these purposes, “**Amount of the Option**” will mean the maximum reference market value of the Increase in Capital to be set by the Board of Directors, or the body acting by delegation therefrom, which will not be greater than 886 million euros, in accordance with the maximum limit set in section 1 above.

For its part, “**ListPri**” will be the arithmetic mean of the average weighted listing prices of the Company’s shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges in the five trading sessions prior to the resolution of the Board of Directors (or of the body acting by delegation therefrom) which determines the number of free-of-charge allocation rights needed for the allocation of one New Share, as well as the Purchase Price (as such term is defined below), rounded to the closest one-thousandth part of one euro.

3. Free-of-charge Allocation Rights

Each outstanding share of the Company will grant its holder one free-of-charge allocation right. The number of free-of-charge allocation rights required to receive one New Share will be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 2 above. Specifically, the holders of free-of-charge allocation rights will be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which will be determined as provided in section 2 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital (TNShrs.), the Company (or such entity within its group, if any, as holds shares of the Company) will waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights will be allocated to those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date.

The free-of-charge allocation rights will be transferable upon the same terms as the shares from which they derive. The free-of-charge allocation rights may be traded

on the market during such term as is established by the Board of Directors, with express power of substitution, which term will not be less than fifteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares.

4. Irrevocable Commitment to Purchase the Free-of-charge Allocation Rights

At the time of implementation of the Increase in Capital, the Company will assume an irrevocable commitment to purchase the free-of-charge allocation rights at the price set forth below (the “**Purchase Commitment**”) on the terms and conditions described below. The Purchase Commitment will be in effect and may be accepted during such term, within the period for trading the rights, as is established by the Board of Directors, with express power of substitution. For such purpose, it is resolved to authorise the Company to acquire the aforementioned free-of-charge allocation rights up to the maximum limit of the total number of rights issued, in all cases with due observance of any legal restrictions.

The object of the Purchase Commitment assumed by the Company will be such as is determined by the Board of Directors, in exercise of the powers delegated thereto by the shareholders at the General Shareholders’ Meeting, with express power of substitution, and taking into account market conditions and the corporate interest, based on the following two alternatives:

- (i) the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) on the relevant date, excluding such rights as have been transferred on the market; or
- (ii) all of the free-of-charge allocation rights, regardless of whether the holders thereof have received them from the Company without charge because of their status as shareholders at the time of allocation thereof or have acquired them on the market.

The “**Purchase Price**” will be the fixed price at which the Company will acquire each free-of-charge allocation right under the Purchase Commitment and will be calculated in accordance with the following formula, with the resulting number being rounded to the closest one-thousandth part of one euro and, in the case of one-half of one-thousandth of one euro, to the next higher one-thousandth part of one euro:

Purchase Price = ListPri / (Num. rights + 1)

The acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be effected with a charge to the reserves contemplated in section 303.1 of the Companies Act.

5. Balance Sheet for the Transaction and Reserve with a Charge to which the Increase in Capital is Carried Out

The balance sheet used as a basis for the transaction is the one for the financial year ended 31 December 2014, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item one on the agenda.

The Increase in Capital will be entirely carried out with a charge to the reserves contemplated in section 303.1 of the Companies Act. When implementing the Increase in Capital, the Board of Directors, with express power of substitution, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

6. Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and its member entities.

7. Rights Attaching to the New Shares

The New Shares will grant the holders thereof the same financial, voting, and like rights as the ordinary shares of the Company that are outstanding as from the date on which the Increase in Capital is declared to be subscribed and paid up. In particular, the holders of the New Shares will be entitled to receive the interim dividend and supplementary dividend amounts, if any, that are paid as from the date on which the Increase in Capital is declared to be subscribed and paid up.

8. Shares on Deposit

Once the period for trading the free-of-charge allocation rights has ended, the New Shares that could not be allocated for reasons not attributable to the Company will be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of the aforementioned period for trading the free-of-charge allocation rights, the New Shares that are still pending allocation may be sold in accordance with the

provisions of section 117 of the Companies Act, at the expense and peril of the interested parties. The cash amount from such sale will be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

9. Application for Admission to Trading

To make application for trading the New Shares to be issued pursuant to this increase in capital resolution on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and to carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the New Shares issued as a consequence of the approved Increase in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading, and removal from trading on official markets.

It is expressly stated for the record that, in the event of a subsequent request for removal from trading of the shares of the Company, such removal will be carried out with such formalities as apply thereto and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove will be safeguarded, in compliance with the requirements set out in the Companies Act and related provisions, all in accordance with Law 24/1988 of 28 July on the Securities Market and the provisions issued by way of implementation thereof in effect at any time.

10. Implementation of the Increase in Capital

Within a period of one year from the date of this resolution, the Board of Directors, with express power of substitution, may set the date on which the Increase in Capital resolution is to be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option). Notwithstanding the foregoing, if the Board of Directors, with express power of substitution, does not deem it advisable to implement, in whole or in part, the Increase in Capital within the aforementioned period, it may refrain from implementing the Increase in Capital, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting held. Specifically, the Board of Directors will analyse and take into account the market conditions, the circumstances of the Company itself, or those deriving from an event that has social or financial significance, and if these or other factors make it inadvisable, in its opinion, to implement the Increase in Capital, it may decide not to implement it. In addition, the Increase in Capital will be deprived of any and all effect in the event that the Board of Directors does not exercise the powers delegated thereto within the period of one year established by the shareholders at the General Shareholders' Meeting for implementation thereof.

Once the period for trading the free-of-charge allocation rights has ended, the following shall apply:

(a) The New Shares will be allocated to those who, according to the records maintained by “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) and its member entities, are the holders of free-of-charge allocation rights in the proportion resulting from section 3 above.

(b) The period for trading the free-of-charge allocation rights will be declared to have ended and the appropriation of the account(s) with a charge to which the Increase in Capital will be implemented will be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.

Likewise, once the period for trading the free-of-charge allocation rights has ended, the Board of Directors, with express power of substitution, will adopt the resolutions required to amend the *By-Laws*, so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the Increase in Capital, and to make application for trading the New Shares on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

11. Delegation of Powers to Implement the Increase in Capital

Pursuant to the provisions of section 297.1.a) of the Companies Act, to delegate to the Board of Directors, with express power of substitution, the power to set the date on which the Increase in Capital is to be carried out, if at all, and to set the terms and conditions thereof as to all matters not provided for in this resolution. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

(a) Set the date on which the Increase in Capital must be implemented, which shall in any case be within a period of one year from approval thereof, and determine the schedule for implementation of the Increase in Capital.

(b) Set the exact amount of the Increase in Capital, the Amount of the Option, the number of New Shares, and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.

(c) Determine the reserve(s), among those contemplated in this resolution, with a charge to which the Increase in Capital and the acquisition by the Company of the free-of-charge allocation rights as a consequence of the Purchase Commitment will be implemented.

(d) Designate the company or companies that will assume the duties of agent and/or financial adviser in connection with the Increase in Capital, and sign all required contracts and documents for such purpose.

(e) Set the duration of the period for trading the free-of-charge allocation rights.

(f) Set the period during which the Purchase Commitment will be in effect and determine the object of the Purchase Commitment within the limits established in this resolution.

(g) Fulfil the Purchase Commitment, paying the corresponding amounts to those who have accepted such commitment.

(h) Declare the Increase in Capital to be closed and implemented, setting, for such purpose, the number of New Shares actually allocated and, therefore, the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of the Increase in Capital.

(i) Amend the article of the *By-Laws* governing share capital such that it reflects the new amount of share capital and the number of outstanding shares resulting from the implementation of the Increase in Capital.

(j) Waive the free-of-charge allocation rights held by the Company as a result of the Purchase Commitment at the end of the period for trading them, and thus waive the New Shares corresponding to such rights.

(k) Waive any free-of-charge allocation rights to subscribe for New Shares, for the sole purpose of facilitating the number of New Shares being a whole number and not a fraction.

(l) Take all steps required for the New Shares to be included in the book-entry records of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" (IBERCLEAR) and admitted to trading on the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market).

(m) Take any actions that are necessary or appropriate to implement and formalise the Increase in Capital before any public or private entities or agencies, whether domestic or foreign, including acts for purposes of representation or supplementation or to cure defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the Companies Act, the Board of Directors is expressly authorised to in turn delegate the powers referred to in this resolution.”

* * *

Bilbao, 17 February 2015

ANNEX

Sample calculation of the maximum number of new shares to be issued in the first Increase in Capital, of the maximum nominal value of the increase, of the number of free-of-charge allocation rights required for the allocation of one new share, and of the Purchase Price:

Included below, solely for purposes of facilitating an understanding of the application thereof, is a sample calculation in the case of the first Increase in Capital of the maximum number of new shares to be issued, of the maximum nominal value of the increase, of the number of free-of-charge allocation rights required for the allocation of one new share, and of the Purchase Price⁴.

The result of this calculation is not representative of the actual results that may be obtained, which, in the case of the first Increase in Capital, will depend on the different variables used in the formulas (basically, the Listing Price of Iberdrola shares at that time and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- The Amount of the Option is 777 million euros.
- The TNShrs. is 6,388,483,000.
- A ListPri of 5.846 euros is assumed (solely for the purposes of this example, the listing price of the Iberdrola shares at the closing of the trading session of 13 February 2015 has been used as a reference).

Therefore:

Provisional number of shares = Amount of the Option / ListPri	$777,000,000 / 5.846 = 132,911,392.41 = 132,911,392$ shares (rounded downwards)
Num. rights = TNShrs. / Provisional number of shares	$6,388,483,000 / 132,911,392 = 48.07 =$ 49 rights (rounded upwards)

⁴ Additionally, in the second Increase in Capital, the results of the calculations would also vary according to the number of shares then outstanding, which number will be determined, among other factors, by the shares issued in the first Increase in Capital.

NNS = TNShrs. / Num. rights	$6,388,483,000 / 49 = 130,377,204.08 =$ 130,377,204 shares (rounded downwards)
Purchase Price = ListPri / (Num. rights + 1)	$5.846 / (49 + 1) = \mathbf{0.117 \text{ euros}}$

Thus, the maximum number of new shares to be issued in the first Increase in Capital would be 130,377,204, (ii) the maximum nominal value of the first Increase in Capital would come to 97,782,903.00 euros (130,377,204 x 0.75) and (iii) 49 free-of-charge allocation rights (or existing shares) would be required for the allocation of one new share⁵.

* * *

⁵ In this example, the Company (or an entity of its group that holds shares of the Company) would be required to waive 4 free-of-charge allocation rights corresponding to 4 own shares in order for the number of shares to be issued to be an integer.



MASTER REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RATIFICATIONS AND/OR RE-ELECTIONS OF NON-EXECUTIVE DIRECTORS INCLUDED IN ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the Report

This report is submitted by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed ratification of interim appointment and re-election as directors of Mr José W. Fernández, Ms Denise Mary Holt, and Mr Manuel Moreu Munaiz, and the proposed re-election as directors of Mr Ángel Jesús Acebes Paniagua, Ms María Helena Antolín Raybaud, Mr Santiago Martínez Lage, and Mr José Luis San Pedro Guerenabarrena.

Pursuant to the provisions of such section and the Corporate Governance System, the proposed ratification of the interim appointment and re-election as directors of Mr José W. Fernández and of Ms Denise Mary Holt, and the proposed re-election as directors of Mr Ángel Jesús Acebes Paniagua, Ms María Helena Antolín Raybaud, and Mr Santiago Martínez Lage, who should belong to the category of independent directors, is submitted to the shareholders at the General Shareholders’ Meeting upon a proposal of the Appointments and Remuneration Committee.

The proposed re-election of Mr Manuel Moreu Munaiz and Mr José Luis San Pedro Guerenabarrena, belonging to the category of other external directors, is submitted to the shareholders at the General Shareholders’ Meeting after a report from the Appointments and Remuneration Committee.

Pursuant to the provisions of article 9.7.c) of the Company’s *Regulations for the General Shareholders’ Meeting*, in the event that the shareholders acting at a General Shareholders’ Meeting must deliberate on the appointment, re-election, or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information:

- a) professional profile and biographical data of the director;
- b) membership on other boards of directors of listed or unlisted companies;
- c) statement of the category of director to which such person belongs or should belong;



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- d) date of their first and subsequent appointments as a director of the Company; and
- e) shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder.

This master report collectively evaluates the competency, experience, and merits of the proposed candidates to hold the position of director upon the terms of subsection 5 of section 529 *decies* of the Companies Act.

Individual reports for each of the candidates to be ratified and/or re-elected as directors, which include the information referred to in Article 9.7.c) of the *Regulations for the General Shareholders' Meeting*, are set forth below:

2. Report prepared by an Independent Expert regarding the Proposed Ratification and/or Re-election of Directors Covered by this Report

In order to obtain an outside analysis of the suitability of the profiles of the directors submitted for ratification and/or re-election at the General Shareholders' Meeting, the Appointments and Remuneration Committee requested a report of the internationally recognised corporate governance expert PriceWaterhouseCoopers Asesores de Negocio, S.L.

The conclusion of this report is that the various profiles of the directors whose ratification and/or re-election is proposed contribute to the progress of the Board of Directors towards excellence in the composition thereof, with improvement from both the structural viewpoint as well as the capabilities of its members.

3. Overall Rationale for the Proposals

In preparing the proposals for ratification and/or re-election, the Board of Directors as taken into account the suitability of the professional profiles of the candidates to the unique aspects of the business carried out by the Company and the industries in which it operates and its international nature.

In this regard, the Board of Directors is of the opinion that, in order to be able to exercise their oversight and control duties properly, all its members must possess an appropriate combination of adequate qualifications and skills in the following areas:

- a) knowledge of the industries in which the Company does business;
- b) experience in and background knowledge of economic and financial matters, management of highly qualified human resources, and legal and regulatory frameworks;
- c) international experience and background knowledge of the geographical markets that are most significant for the Company; and

d) experience in and knowledge of management, leadership, and business strategy.

The curriculum vitae of the directors whose ratification and/or re-election is being submitted at the General Shareholders' Meeting shows their competence as administrators, their merits to hold the position of director, their extensive experience in industries relevant to the Company and the group, and their in-depth knowledge of various business areas, which ensures the contribution of multiple viewpoints to the debate of matters within the Board of Directors.

Specifically, the proposal for ratification and/or re-election of directors adds new profiles with knowledge in markets and sectors that are key to the company: Mr José W. Fernández and Ms Denise Mary Holt are experts in the US and British markets, respectively, and Mr Manuel Moreu Munaiz has broad experience in offshore wind generation technology.

Overall, the proposals for ratification and/or re-election of the non-executive directors submitted to the shareholders at the General Shareholders' Meeting contributes to maintaining a high percentage of independent directors compared to the composition of the Board of Directors at the last Annual General Shareholders' Meeting, and entails a qualitative improvement in its structure.

In terms of the length of service of the non-executive directors, the ratification and re-election of the three directors appointed since the last Annual General Shareholders' Meeting entails a reduction in the average length of service of non-executive directors from 5.8 to 4 years.

It also entails a notable increase in the diversity of gender and nationality.

With the ratification and/or re-election of Ms Denise Mary Holt and Ms María Helena Antolín Raybaud, the percentage of women on the Company's Board of Directors (which increased from 29% to 36%) will become one of the highest among comparable European companies.

Along these lines, the proposal doubles the percentage of non-Spanish directors (from 14% to 29%).

Finally, the Appointments and Remuneration Committee has verified that Mr José W. Fernández, Ms Denise Mary Holt, Mr Manuel Moreu Munaiz, Mr Ángel Jesús Acebes Paniagua, Ms María Helena Antolín Raybaud, Mr Santiago Martínez Lage and Mr José Luis San Pedro Guerenabarrena meet the requirements of respectability, capability, expertise, competence, experience, qualifications, training, availability, and commitment to the duties of the position, and that they are not affected, directly or indirectly, by any of the instances of incompatibility with or prohibition against holding such office or by having interests that conflict with or are contrary to the corporate interest as set forth in provisions of a general nature or in the Corporate Governance

System.

* * *

Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RATIFICATION AND RE-ELECTION OF MR JOSÉ W. FERNÁNDEZ INCLUDED IN SECTION A OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed ratification of the interim appointment and re-election of Mr José W. Fernández as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Mr José W. Fernández

Born in Cienfuegos, Cuba in 1955, a U.S. citizen.

Degree in History from Dartmouth University (New Hampshire, United States of America), and J.D. from Columbia University (New York, United States of America).

He has spent a large part of his career as a lawyer specializing in international commercial matters. He has also had a distinguished career in the institutional field, serving as Assistant Secretary of State for Economic, Energy and Business Affairs of the United States.

He divides his time between his position at Iberdrola with his duties as a partner of Gibson, Dunn & Crutcher

Noteworthy experience for the holding of his positions at Iberdrola:

Energy industry

He has been Assistant Secretary of State for Economic, Energy and Business Affairs in the United States (2009-2013), during which time he headed the department responsible for overseeing energy security policy in the country, and also investment

policy, international trade, development and debt policy.

He has also been an independent director at Iberdrola USA, Inc., a subholding company of Iberdrola that engages in the activities of organisation and strategic coordination of the businesses of the group in the United States of America.

Other industries He is a partner in the New York office of the law firm Gibson, Dunn & Crutcher, specialising in international mergers and acquisitions and finance in emerging markets in Latin America, the Middle East, Africa, and Asia.

He has been a board member of Dartmouth College, NPR Station WBGO-FM, Middle East Institute, the Ballet Hispanico of New York, and NGOs such as Acción Internacional. He is currently board member of Council of the Americas and the Center for American Progress, among others.

Other information

He has been the State Department's representative on the Committee on Foreign Investment of the United States.

Among other accolades, he was named one of the "World's Leading Lawyers" by Chambers Global for his work in mergers and acquisitions, an "Expert" in the International Financial Law Review and one of the "World's Leading Privatization Lawyers" by Euromoney.

In 2013 he was named "Embajador de la Marca España" (Ambassador of the Spain Brand) a company comprised of several government agencies and important Spanish companies for his work in promoting commercial relations between the United States and Spain.

3. Membership on Other Boards of Directors

Mr Fernández does not belong to other board of directors of listed or unlisted companies.

4. Type of Director to be Assigned

Mr José W. Fernández has been proposed based on his personal and professional status, being able to carry out his duties without being affected by relations with the Company, its significant shareholders or its officers, which merits him the status of independent director. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions Held on the Board of Directors

He was appointed on an interim basis as an independent director of the Company by the Board of Directors at its meeting held on 17 February 2015.

He is a member of the Audit and Risk Supervision Committee.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Mr José W. Fernández is not the direct or indirect owner of shares of the Company or of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests.

7. Proposed Resolution

The Board of Directors has concluded that the knowledge of the functioning of North American governments in particular, and the North American market in general will allow Mr José W. Fernández to provide a full view of this key market for Iberdrola.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Mr José W. Fernández set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

“A.- Ratification of the interim appointment and re-election of Mr José Walfredo Fernández as director, with the status of external independent director.

To ratify the appointment of Mr José Walfredo Fernández as director designated on an interim basis by resolution of the Board of Directors adopted at the meeting held on 17 February 2015, and to re-elect him, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.”

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Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RATIFICATION AND RE-ELECTION OF MS DENISE MARY HOLT INCLUDED IN SECTION B OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed ratification of the interim appointment and re-election of Denise Mary Holt as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Ms Denise Mary Holt

Born in Vienna, Austria, in 1949.

Degrees in Spanish Philology, French Philology, and Political Sciences from the University of Bristol and Doctor of Laws from the University of Bristol (England, United Kingdom).

A career diplomat, she has spent a large part of her professional life at the United Kingdom diplomatic service, which has provided her with extensive international experience in countries such as Brazil, Mexico and Spain. In the business field, she possesses experience in the finance, health, and energy sectors.

She divides her time between her position as a director of Iberdrola and her activities in international organisations, academic institutions, and her position as a director of HSBC Bank plc.

Noteworthy experience for the holding of her positions at Iberdrola:

Energy industry

She possesses experience and expertise in the energy industry, having been a

director at Scottish Power Renewable Energy Ltd. from 2011 to 2012 and at Scottish Power Networks Holdings Ltd. from 2012 to 2014.

Other industries

She also possesses experience as a member of the board of directors of international companies and institutions in other sectors, like the financial and health industries. In the financial sector, she has been an independent director and member of the Risk Committee of HSBC Bank plc. since 2011, and is also chair and independent director of its subsidiary M&S Financial Services Ltd. In the health sector, she is an independent director of Nuffield Health and a member of the Quality and Safety Committee, and Remuneration Committee, of the Board of Directors of such institution.

Also noteworthy is the vast experience as a manager she has gained during her extensive diplomatic career. She has been first secretary of the British Embassy in Brazil (1990-1993), Director of Human Resources (1999-2002) and of Migration (2005-2007) and for the Overseas Territories at the UK Foreign and Commonwealth Office (2005-2007) and British ambassador to Mexico (2002-2005) and to Spain and Andorra (2007-2009).

Other information:

A former chair of the Anglo-Spanish Society (2010-2013), Ms Holt currently has ties with international organisations like Wilton Park International Conference Centre as well as with academic institutions like the Cañada Blanch Centre for Contemporary Spanish Studies of the London School of Economics and Political Science, the Institute of Latin American Studies of the University of London, and the University of Bristol. She chairs the Nominations Committee of the British Alzheimer's Society.

She was also named Dame Commander of the Order of Saint Michael and Saint George for her contribution to the British diplomatic service.

3. Membership on Other Boards of Directors

Ms Denise Mary Holt is an independent director of HSBC Bank plc., of its subsidiary M&S Financial Services Ltd., and of Nuffield Health.

4. Type of Director to be Assigned

Ms Denise Mary Holt has been proposed based on her personal and professional status, being able to carry out her duties without being affected by relations with the Company, its significant shareholders or its officers, which merits her the status of independent director. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions

Held on the Board of Directors

She was appointed on an interim basis as an independent director of the Company by the Board of Directors at its meeting held on 24 June 2014.

She is a member of the Audit and Risk Supervision Committee.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Ms Denise Mary Holt is the direct and indirect owner of 204 shares of the Company is not the owner of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests.

7. Proposed Resolution

The Board of Directors has concluded that Ms Denise Mary Holt's in-depth knowledge of the UK market and of the businesses carried out by the Iberdrola group in that territory, her extensive experience in the area of international relations thanks to her training, extensive diplomatic career, and ability to contribute her knowledge in the financial sector to the discussion, together with her performance as a director to date, makes her ideal to continue holding the position of director.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Ms Denise Mary Holt set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

“B.- Ratification of the interim appointment and re-election of Ms Denise Mary Holt as director, with the status of external independent director.

To ratify the appointment of Ms Denise Mary Holt as director designated on an interim basis by resolution of the Board of Directors adopted at the meeting held on 24 June 2014, and to re-elect her, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.”

* * *

Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RATIFICATION AND RE-ELECTION OF MR MANUEL MOREU MUNAIZ, INCLUDED IN SECTION C OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed ratification of the proposed interim appointment and re-election of Mr Manuel Moreu Munaiz as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Mr Manuel Moreu Munaiz

Born in Pontevedra in 1953.

Doctorate in naval engineering from Escuela Técnica Superior de Ingenieros Navales (ETSIN) of the Universidad Politécnica and a master's degree in Oceanic Engineering from the Massachusetts Institute of Technology (MIT).

Throughout his career he had divided his time as an executive in companies in several industries (in particular offshore engineering) with extensive teaching and educational work. He has been a board member of Gamesa Corporación Tecnológica, S.A. and Iberdrola Renovables, S.A. and is a board member of Metalships & Docks, S.A., Rodman Polyships, S.A. and Neumáticas de Vigo, S.A. (NEUVISA).

He divides his time between his position at Iberdrola with teaching work and his position as chairman of Seaplace, S.L., H.I. Ingeniería y Proyectos S.L. and Howard Ingeniería y Desarrollo S.L

Noteworthy experience for the holding of his position at Iberdrola:

Energy industry and industrial engineering

He has been a member of the Board of Directors of Iberdrola Renovables, S.A. (2007-2011), and director and member of Comisión de Auditoría y Cumplimiento de Gamesa Corporación Tecnológica, S.A. (2013-2015).

In 1981 he founded Seaplace, S.L., an engineering company which specialises in the design and analysis of fixed and floating offshore structures for the oil industry, energy and aquaculture, among others.

Other industries

He is also the sole director of HI Iberia Ingeniería y Proyectos S.L. (a consulting company that develops software, simulations and business models) and Howard Ingeniería y Desarrollo S.L. (technology and communications sector).

He was also head of the Technical Department of Sociedad Española de Clasificación y Registro de Buques, Artefactos Flotantes e Ingenios Oceánicos, S.A. (Fidenavis), a company that engages in activities related to maritime transport.

Other information:

He has engaged in intense teaching and documentary work. He is currently an assistant lecturer at Universidad Politécnica de Madrid (ETSIN), and also teaches in Repsol's Master's program in oil and in the Maritime Master's programme of Instituto Marítimo Español and Universidad Pontificia Comillas.

He is the Chair of Instituto de la Ingeniería de España since 2012 and was dean of Colegio Oficial de Ingenieros Navales y Oceánicos of Madrid and Spain.

3. Membership on Other Boards of Directors

Mr Manuel Moreu Munaiz is a director of Metalships and Docks, Rodman Polyships and Cofinave Gestión, S.L.; and chair of Seaplace, S.L., HI Iberia Ingeniería y Proyectos, S.L. and Howard Ingeniería y Desarrollo, S.L.

4. Type of Director to be Assigned

Mr Manuel Moreu Munaiz will continue to be assigned to the category of other external director as he has been a director of Gamesa Corporación Tecnológica, S.A. with which the Company maintains a significant business relationship. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions Held on the Board of Directors

He was appointed director of the Company on an interim basis by its Board of

Directors on 17 February 2015.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Mr Manuel Moreu Munaiz is the direct or indirect owner of 41,840 shares of the Company, is not the owner of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests.

8. Proposed Resolution

The Board of Directors has concluded that the technical knowledge and experience of Mr Manuel Moreu Munaiz in new energy generation technologies, in addition to his history as a businessman and director of listed companies justifies his ratification and re-election as a director.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Mr Manuel Moreu Munaiz set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

“C.- Ratification of the interim appointment and re-election of Mr Manuel Moreu Munaiz as director, with the status of other external director.

To ratify the appointment of Mr Manuel Moreu Munaiz as director designated on an interim basis by resolution of the Board of Directors adopted at the meeting held on 17 February 2015, and to re-elect him, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of other external director.”

* * *

Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MR ÁNGEL JESÚS ACEBES PANIAGUA INCLUDED IN SECTION D OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed re-election of Mr Ángel Jesús Acebes Paniagua as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Mr Ángel Jesús Acebes Paniagua

Born in Ávila, in 1958.

Degree in Law from Universidad de Salamanca and lawyer, with almost twenty years of practice experience. He has also discharged high-level duties in the institutional sphere, including his position as member of the Council of Ministers of the Spanish Government. He also has experience as a board member, as he has sat on the boards of directors of Caja Madrid Cibeles, S.A. and Banco Financiero y de Ahorros, S.A. (“BFA”)

He divides his time between his position at Iberdrola and his work as chair and founding member of Grupo MA Abogados Estudio Jurídico.

Noteworthy experience for the holding of his positions at Iberdrola:

Energy and industrial engineering industries

A practicing lawyer between 1982 and 1994, specialising in Commercial Law.

He returned to law practice in 2008 and founded Grupo MA Abogados Estudio Jurídico (of which he is chair), a law firm based in six Spanish Autonomous Communities

with more than forty lawyers working in areas, such as corporate law, corporate governance, competition, mergers and acquisitions, and regulated industries.

He has been a member of the board of BFA between July 27, 2011 and April 24, 2012, acting as chairman of its Auditing and Compliance Commission. Through this position, he has had ties to affiliates of BFA active in the energy sector (such as Iberdrola itself and the Comsa Ente, S.A. group), as well as in the industrial/technological sector (such as Indra, S.A., a technological services company, and Mecalux, S.A., active in logistic solutions), which companies, in most cases, have a strong international presence.

He also has a significant understanding of the regulatory area and regarding the functioning of public institutions and of the relations with them, as he has been Minister of Public Administrations (1999-2000), of Justice (2000-2002), and of the Interior (2002-2004) of the Government of Spain. During his political career, he has also been a senator and a Spanish MP, acquiring in-depth knowledge of the regulatory framework.

Other industries

He also possesses experience in the management of companies with an international profile, as a result of having served on the board of Caja Madrid Cibeles, S.A. (2008 - 2011), which manages the investments of Caja Madrid group in other companies in the financial and insurance sectors (such as Mapfre Internacional, S.A.) and also in the retail banking industry outside Spain.

Other information:

He is a trustee of Fundación Universitaria de Ávila, UCAV, and gives courses, workshops, and lectures on various matters relating to law, politics, and social matters.

3. Membership on Other Boards of Directors

Mr. Acebes Paniagua is not a member of other boards of directors of listed or unlisted companies.

4. Type of Director to be Assigned

Mr Ángel Jesús Acebes Paniagua has been proposed based on his personal and professional status, being able to carry out his duties without being affected by relations with the Company, its significant shareholders or its officers, which merits him the status of independent director. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions Held on the Board of Directors

He was appointed a director of the Company on an interim basis by its Board of

Directors on 24 April 2012, and was ratified and re-elected as a director at the General Shareholders' Meeting of 22 June 2012.

He is a member of the Executive Committee.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Mr Ángel Jesús Acebes Paniagua is the direct and indirect owner of 5,632 shares of the Company, is not the owner of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests.

7. Proposed Resolution

The Board of Directors has concluded that the lengthy experience of Mr Acebes Paniagua in the public sector gives him an in-depth knowledge of public institutions in Spain, a key element given the importance of the regulatory environment to the businesses carried out by the Company, as he has been able to show during his last term, both in his activities during plenary meetings and at meetings of the Executive Committee.

Furthermore, the experience of Mr Ángel Jesús Acebes Paniagua at numerous companies during his phase as a director of one of the principal financial institutions in Spain allows him to continue contributing quite positively to the debates and in the decision-making process of the Board of Directors.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Mr Ángel Jesús Acebes Paniagua set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

“D.- Re-election of Mr Ángel Jesús Acebes Paniagua as director, with the status of external independent director.

To re-elect Mr Ángel Jesús Acebes Paniagua as director, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.”

* * *

Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MS MARÍA HELENA ANTOLÍN RAYBAUD INCLUDED IN SECTION E OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed re-election of Ms María Helena Antolín Raybaud as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Ms María Helena Antolín Raybaud

Born in Toulon, France, in 1966.

Degree in International Business and Business Administration from Eckerd College, St. Petersburg, Florida (United States of America), and holds a Master in Business Administration from Anglia University, Cambridge (United Kingdom) and from Escuela Politécnica de Valencia (Spain).

She has spent her career in the industrial sector and is currently a director, deputy chairman and member of the Managing Board of Grupo Antolin Irausa, S.A.

Noteworthy experience for the holding of her positions at Iberdrola:

Energy and industrial engineering industries

She has experience as a member of the board of energy and industrial companies as an external independent director of Iberdrola Renovables, S.A. and member of its Related-Party Transactions Commission between between 2007 and 2010.

She has also been a member of the Managing Board of Sernauto (Asociación

Española de Fabricantes de Equipos y Componentes para Automoción) since 2011. She has been in charge of the corporate Industrial and Strategy divisions of Grupo Antolin, where she is currently deputy chairman and corporate director of Marketing, Communication, and Institutional Relations.

Previous experience in connection with the committee of which she is a member

She has domestic and international experience in areas relating to her position as a member of the Corporate Social Responsibility Committee. At Grupo Antolin-Irausa, S.A. she held the positions of director of Human Resources Development and head of Total Quality. As a corporate director she has performed duties at a global level within the group, in which she started out taking on various responsibilities at subsidiaries based in Germany, France, and Italy.

Other information:

She is a member of the Permanent Commission of the Club Excelencia en Gestión and a board member of France Foreign Trade (*Comercio Exterior de Francia*), Spain section.

3. Membership on Other Boards of Directors

Ms María Helena Antolín Raybaud is a director of Grupo Antolin Irausa, S.A.

4. Type of Director to be Assigned

Ms María Helena Antolín Raybaud has been proposed based on her personal and professional status, being able to carry out her duties without being affected by relations with the Company, its significant shareholders or its officers, which merits her the status of independent director. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions Held on the Board of Directors

She was appointed director of the Company at its General Shareholders' Meeting of 26 March 2010.

She is a member of the Corporate Social Responsibility Committee.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Ms María Helena Antolín Raybaud is the direct and indirect owner of 2,868 shares of the Company, is not the owner of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests.

7. Proposed Resolution

The Board of Directors has concluded that her business experience at Grupo Antolin and her training in the area of business management and administration gives Ms Antolín Raybaud broad knowledge in the areas of business management, at both the domestic and international level, which allows her to contribute her practical knowledge and her personal experience in the decision-making process of the Company's Board of Directors, and to continue contributing quite positively to the work of the Corporate Social Responsibility Committee.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Ms María Helena Antolín Paniagua set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

“E.- Re-election of Ms María Helena Antolín Raybaud as director, with the status of external independent director.

To re-elect Ms María Helena Antolín Raybaud as director, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.”

* * *

Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MR SANTIAGO MARTÍNEZ LAGE INCLUDED IN SECTION F OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed re-election of Mr Santiago Martínez Lage as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Mr Santiago Martínez Lage

Born in Betanzos, A Coruña, in 1946.

Degree in Law from Universidad Complutense de Madrid. Continued his studies at the Escuela de Funcionarios Internacionales de Madrid, the Escuela Diplomática, The Hague Academy of International Law, the “Europa Instituut” in Amsterdam (The Netherlands), and INSEAD in Fontainebleau (France).

A career diplomat currently on leave, he is the chairman of the law firm Martínez Lage, Allendesalazar & Brokelmann.

Noteworthy experience for the holding of his positions at Iberdrola:

Energy and industrial engineering industries

He has experience as a board member in the engineering and energy industries. In the energy sector, he served as an external independent director of Iberdrola Renovables, S.A. from 2007 to 2010. In the industrial sector, he is secretary of the board of directors

of companies belonging to multinational groups like SKF Española, S.A. In the past, he was a member of the boards of other companies such as Fujitsu Services y Telettra España.

Other industries

He has also served in the position of secretary of the Board of Directors of Empresa Nacional Elcano de la Marina Mercante, S.A.

Previous experience in connection with the committee of which he is a member

A career diplomat on leave, he has wide experience and expertise in the area of institutional relations at the international level. He has been posted to Algiers (Algeria), Libreville (Gabon), Sofia (Bulgaria), and Paris (France), and has also served at the Office of the Secretary of State for Relations with the European Community, where he provided advice to the Spanish Delegation in the negotiations for accession to the European Communities.

He has a profound knowledge of EC Law and was the founder and director, for twenty-eight years, of the Gaceta Jurídica de la Unión Europea y de la Competencia.

In 1985 he established the law firm Martínez Lage & Asociados (now, Martínez Lage, Allendesalazar & Brokelmann), a leading law firm in Spain specialised in European Union and Competition Law.

He served as a member of the Executive Committee of Iberdrola Renovables, S.A., and as chair of its Appointments and Remuneration Committee. Before joining the Appointments and Remuneration Committee he was also a member of the Audit and Risk Supervision Committee.

Other information:

He is vice-chair of the Spanish Association for the Study of European Law (Asociación Española para el Estudio del Derecho Europeo) and the European Law Section of the Royal Academy of Jurisprudence and Legislation (Real Academia de Jurisprudencia y Legislación). In addition, he is a trustee of the Spain Mexico Foundation and a member of the Arbitrator Appointment Committee of the Spanish Court of Arbitration. He was general secretary of the International Federation for European Law (FIDE) and a member of the Board of Directors of the Círculo de Empresarios.

In 2013 he won the APTISSIMI award to Professional Careers for ESADE Alumni.

3. Membership on Other Boards of Directors

Mr. Martínez Lage does not belong to other boards of directors of listed or unlisted companies

4. Type of Director to be Assigned

Mr Santiago Martínez Lage has been proposed based on his personal and professional status, being able to carry out his duties without being affected by relations with the Company, its significant shareholders or its officers, which merits him the status of independent director. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions Held on the Board of Directors

He was appointed director of the Company at its General Shareholders' Meeting of 26 March 2010.

Member of the Appointments and Remuneration Committee.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Mr Santiago Martínez Lage is the direct and indirect owner of 14,984 shares of the Company, is not the owner of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests.

7. Proposed Resolution

The Board of Directors has concluded that Mr Martínez Lage's training as a diplomat and his in-depth knowledge of European Community law, which is quite relevant to the businesses that the Iberdrola group carries out in Europe, allows him to continue contributing positively with his knowledge in the area of EC regulation and his experience in the area of international relations, both in the decision-making processes of the Board of Directors and in the deliberations of the Appointments and Remuneration Committee.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Mr Santiago Martínez Lage set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

"F.- Re-election of Mr Santiago Martínez Lage as director, with the status of external independent director.

To re-elect Mr Santiago Martínez Lage as director, upon the proposal of the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of external independent director.”

* * *

Bilbao, 17 February 2015

INDIVIDUAL REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MR JOSÉ LUIS SAN PEDRO GUERENABARRENA INCLUDED IN SECTION G OF ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Introduction

This report is submitted by the Board of Directors of IBERDROLA, S.A. (the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) in relation to the proposed re-election of Mr José Luis San Pedro Guerenabarrena as director.

This proposal in turn forms a part of the proposal for ratification and/or re-election of other non-executive directors of the Company, which has been evaluated collectively in a master report.

This report individually assesses the professional profile and biographical data of the candidate and other information referred to in article 9.7.c) of the *Regulations for the General Shareholders' Meeting*.

2. Professional Profile and Biographical Data of Mr José Luis San Pedro Guerenabarrena

Born in Bilbao, in 1946.

Industrial engineer specialising in Energy Techniques from Escuela Técnica Superior de Ingeniería Industrial (ETSII) in Bilbao, and degree in Economics and Business from Facultad de Ciencias Económicas y Empresariales in Sarriko (Bilbao), specialising in finance.

His track record of more than forty years in the energy industry, and specifically within the Iberdrola group, has earned him recognition as one of the leading experts in the industry. In 2012 he was appointed chief operating officer of Iberdrola, which position he held until June 2014, when he began to serve on the Board with the status of other external director.

Noteworthy experience for the holding of his positions at Iberdrola:

Energy and industrial engineering industries

Has spent most of his professional career at the Iberdrola group. He began his journey in 1971 at Iberduero, S.L. (now Iberdrola) as head of the demand and production

research section of the Planning and Research Division. In 1980 he was appointed head of the Management Systems Department and in 1982 assumed management of the Research and Planning Department, and since then he has participated actively in the study and implementation of the process for restructuring the electricity industry in Spain.

He also held the positions of director of Administration and Finance of Iberduero, S.A. (now Iberdrola) between 1984 and 1991 and of general manager of Economy and Finance of Iberdrola between 1991 and 2001, during which periods he was responsible for the group's financial operations.

In 2000 he assumed the position of general manager of Control, Regulation and Services of Iberdrola, S.A. and, in 2011, of business CEO of the group. In 2012 he was appointed chief operating officer of Iberdrola, S.A., which position he held until June 2014, when he began to serve on the Board with the status of other external director.

He is currently the chair of the Board of Directors of Iberdrola España, S.A., the country subholding company that carries out the duties of organisation and strategic coordination of the businesses of the Iberdrola group in Spain.

Other industries

For more than ten years he was a board member and member of the Executive Committee of Corporación IBV, Servicios y Tecnologías, S.A., a company 50% owned by Iberdrola and Banco Bilbao Vizcaya Argentaria, S.A. for investing in business activities in industries like information technology, telecommunications, and aeronautics.

3. Membership on Other Boards of Directors

Mr José Luis San Pedro Guerenabarrena is a director and chairman of the Board of Directors of Iberdrola Spain.

4. Type of Director to be Assigned

Mr José Luis San Pedro Guerenabarrena will continue to be assigned to the category of other external director as he was the chief operating officer of the businesses of the group until June 2014. The effective availability of the candidate to provide the dedication required to hold this office has been verified therewith.

5. Date of First Appointment as Director of the Company and Positions Held on the Board of Directors

He was appointed director of the Company on an interim basis by the Company's Board of Directors on 24 April 2012, and ratified and re-elected at the General Shareholders' Meeting of 22 June 2012.

Member of the Executive Committee.

6. Ownership of Shares of the Company and Derivative Financial Instruments with Shares of the Company as Underlying Assets

Mr José Luis San Pedro Guerenabarrena is the direct and indirect owner of 633,510 shares of the Company, is not the owner of derivative financial instruments with shares of the Company as underlying assets, and has no link to holders of significant equity interests..

7. Proposed Resolution

The Board of Directors has concluded that the long history of Mr José Luis San Pedro Guerenabarrena within the Company and various companies of its group, where he has held various executive positions, with his career at the Company culminating as chief operating officer of the businesses, gives him privileged knowledge of the internal operation of all of the businesses, their risks, their threats, and their competitive advantages, allowing him to continue contributing with his experience and analysis, as he has done during his last term, within the debates of the Board of Directors and its Executive Committee.

In addition, his training as an engineer and his experience in the finance area allow Mr San Pedro Guerenabarrena to notably enrich the decision-making process of the Board of Directors with his technical views and knowledge.

After assessing the overall proposals for ratification and/or re-election of non-executive directors, upon the terms of the master report set forth above, and individually, the information regarding Mr José Luis San Pedro Guerenabarrena set forth in this report, the proposed resolution submitted for approval of the shareholders at the General Shareholders' Meeting is the following:

G.- Re-election of Mr José Luis San Pedro Guerenabarrena as director, with the status of other external director.

To re-elect Mr José Luis San Pedro Guerenabarrena as director, upon the proposal of the Board of Directors and after a report from the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of other external director."

* * *

Bilbao, 17 February 2015



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED RE-ELECTION OF MR JOSÉ IGNACIO SÁNCHEZ GALÁN AS DIRECTOR, INCLUDED IN ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the Report

This report is submitted by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) pursuant to the provisions of section 529 *decies* of the Companies Act (*Ley de Sociedades de Capital*) and the Company’s Corporate Governance System in relation to the proposed re-election of Mr José Ignacio Sánchez Galán as a director of Iberdrola, with the status of executive director.

This report evaluates both the conformance of the proposal to the Company’s Corporate Governance System and the competency, experience, and merits of Mr Sánchez Galán upon the terms of subsection 5 of section 529 *decies* of the Companies Act.

In addition, attached to this report is the information referred to in article 9.7.c) of the *Regulations for the General Shareholders’ Meeting*:

- (a) Professional profile and biographical data of the director.
- (b) Membership on other boards of directors of listed or unlisted companies.
- (c) Indication of the type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or with which the director has ties.
- (d) Date of their first and subsequent appointments as a director of the Company.
- (e) Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder.

Based on the status of Mr José Ignacio Sánchez Galán as chairman of the Board of Directors and chief executive officer of Iberdrola, and order to favour the maximum transparency of the process, this report is prepared separately and independently from the reports regarding the other proposals for ratification and/or re-election of directors submitted for approval of the shareholders at the General Shareholders’ Meeting.

2. Procedure Followed for Preparing this Proposal for Re-election

The following procedure has been followed to prepare the proposal for re-election of Mr José Ignacio Sánchez Galán as executive director of the Company:

- (a) The initiative for the process was led by the coordinating director, Ms Inés Macho Stadler.
- (b) In this process, Ms Inés Macho Stadler collected the opinions of the independent directors who, in the exercise of the powers given to her by article 38.2 of the *By-Laws* and article 17 b) of the *General Corporate Governance Policy*, she called to a meeting that was held on 15 December 2014.

The meeting was chaired by Ms Inés Macho Stadler, wherein the duties of secretary of the Appointments and Remuneration Committee were exercised. All of the independent directors attended in person who, based on the excellent work performed by Mr José Ignacio Sánchez Galán in his position and the good results obtained in his evaluations as chairman of the Board of Directors and chief executive officer, unanimously approved the submission to the Board of Directors, through the coordinating director, of the proposal for the re-election thereof as executive director.

- (c) In addition, in order to have an outside comparison regarding the compatibility of an executive chairman with the best corporate governance practices, regarding the effectiveness of the counterbalances established in the Company's Corporate Governance System, and regarding the results of the practical application of the governance model, and regarding the performance of Iberdrola under the leadership of Mr José Ignacio Sánchez Galán, the Appointments and Remuneration Committee requested a report of an internationally recognised independent expert on corporate governance, PriceWaterhouseCoopers Asesores de Negocio, S.L.
- (d) The Appointments and Remuneration Committee debated the proposed re-election of the executive chairman at its meetings of 1 December 2014, 2 February 2015, and 16 February 2015. At this last meeting, it prepared the report referred to in articles 3 f) and 5 e) of the *Regulations of the Appointments and Remuneration Committee*, which is made available to the shareholders pursuant to the provisions of sections 518 and 529 *decies* of the Companies Act.
- (e) The Board of Directors, in view of the unanimous favourable opinion of the independent directors, the favourable report of the Appointments and Remuneration Committee, and of the content of the report prepared by the independent expert, has approved the preparation of this report and submission of the resulting proposed re-election of Mr José Ignacio Sánchez Galán as executive director of Iberdrola.

3. Professional Profile and Biographical Data

Industrial engineer from Escuela Superior de Ingeniería (ICAI) of Universidad Pontificia Comillas (Madrid). He also holds a degree in Business Administration from ICADE, and in General Corporate Management and Foreign Trade from Escuela de Organización Industrial (EOI) in Madrid.

He has been awarded honorary doctorate degrees by the Universities of Salamanca, Edinburgh, and Strathclyde (Glasgow). He has been on the faculty of Escuela Técnica Superior de Ingeniería (ICAI), and is currently a visiting professor at University of Strathclyde and chair of the Social Board of Universidad de Salamanca.

In 2014, he received the international Responsible Capitalism award in London given by First Magazine, the distinction recognises the business leaders who integrate sustainability and social responsibility throughout their corporate strategy.

He was also distinguished, for the eighth time, as the Best CEO for European electric companies by the Institutional Investor Research Group. In 2011 he was named Best CEO in the European utilities sector and among Spanish listed companies for investor relations, according to the Thomson Extel Survey, and has received the Best Investor Relations by a CEO Award from IR Magazine on three occasions (2003-2005), among other recognitions awarded based on opinion studies of securities market analysts and investment fund managers.

He speaks English, French, Italian, and Portuguese. He is married and has four children. He adheres above all to values like integrity, effort, and commitment. Conscious of the significant role played by companies in today's world and of their capacity to contribute towards a more sustainable society, at Iberdrola he develops a business model based on ethics, transparency, innovation, and the integration of people and cultures, designed to create long-term value for the benefit of its shareholders and all of society.

Noteworthy experience for the holding of his positions at Iberdrola:

a) Energy and industrial engineering industries

He is chairman of the board of directors of Scottish Power Limited and of Iberdrola USA, Inc., the country subholding companies carrying out the duty of organisation and strategic coordination of the businesses of the Iberdrola Group in the United Kingdom and in the United States of America, respectively. He was also chairman of Iberdrola Renovables, S.A. until its merger with the Company in 2011.

In the industrial engineering sector, he has served as chief operating officer of Industria de Turbo Propulsores, S.A. (ITP), where he drove the design, manufacture, and maintenance of aeroplane engines and gas turbines and brought onto the payroll

employees and technicians left unemployed after the restructuring of the shipbuilding industry in the Estuary of Bilbao, and chairman of the Eurojet aerospace consortium, headquartered in Germany, for the development and manufacture of the Eurofighter engine.

He has also held various management positions at Sociedad Española del Acumulador Tudor, S.A. (now, Exide Group), engaged in the manufacture and sale of batteries, and has been a director of Page Ibérica, S.A., a company engaged in the research, design, and development of engineering projects.

b) Other industries

He has served as chairman of Iberdrola Inmobiliaria, S.A.U. and of Desafío Español 2007, S.A., both belonging to the Iberdrola Group. He has also been chief executive officer of Airtel Móvil, S.A. (now, Vodafone España, S.A.U.) where he contributed to the liberalisation of the telecommunications sector in Spain, and a member of the supervisory board of Nutreco Holding N.V., a listed company in The Netherlands, active in the food industry. He was also a founder and director of the Matarromera group, dedicated to viticulture and the production of wine and oil.

Other information:

In addition to being a founder trustee of Fundación Iberdrola, he is a member of the boards of trustees of the following institutions: Fundación Princesa de Asturias, Fundación Cotec, Aspen Institute, Fundación Carolina, Real Instituto Elcano, Real Patronato Museo del Prado, and Fundación Universitaria Comillas-ICAI.

He chairs the electricity cluster of the World Economic Forum (Davos), is a member of the Steering Committee of the European Round Table of Industrialists, and is also a member of the Global Sustainable Electricity Partnership (sponsored by the United Nations) and of the G10, a group that brings together the main electric companies in Europe. He is also a member of GlobalScot, a worldwide network under the auspices of the Scottish government that brings together the businesspersons most fully committed to economic development in Scotland. In Spain, he is a member of Círculo de Empresarios Vascos, Círculo de Empresarios (Madrid), Círculo de Economía, Asociación para el Progreso de la Dirección (APD), and Consejo Empresarial para la Competitividad.

In addition to the recognitions mentioned above, in May 2014 he was distinguished with the award of Commander of the Most Excellent Order of the British Empire for his work to promote the British energy sector and trade relations and investment between the United Kingdom and Spain. He received the distinction of *Lagun Onari* (Friend of the Basques), bestowed by the Basque Government in 2011, and the Gold Medal from the Province of Salamanca in 2009, a year in which he was also named Consul of Bilbao by the Bilbao Chamber of Commerce and Industry. In

2008 he received the Business Leader of the Year Award from the Spain-US Chamber of Commerce and the International Economy Prize from Fundación Cristóbal Gabarrón. In 2006 he was recognised as Best CEO of the Year, as part of the Platts Global Energy Awards.

Throughout his journey, he has always stood by his commitment to corporate governance and to the long-term sustainability of Iberdrola, which has been distinguished by the publication Ethical Boardroom in 2015 as the company with the best corporate governance practices among European utilities, and which was given the same recognition among Spanish companies in the 2014 presentation of the Corporate Governance Awards. Iberdrola has also been distinguished as one of the world's most ethical companies by the Ethisphere Institute, and is the only electric company in Europe to have been selected for inclusion on the Dow Jones Sustainability Index (DJSI) over the last fifteen years.

4. Rationale for the Proposal

4.1. Evaluation by independent directors

The independent directors, under the chairmanship of the coordinating director, without the presence of the other directors, have unanimously expressed their favourable opinion on his re-election as executive director of the Company.

4.2. Report of independent expert

The conclusions of the report by PriceWaterhouseCoopers Asesores de Negocio, S.L., issued at the request of the Appointments and Remuneration Committee, are as follows:

- (a) Good corporate governance practices recommend separating the duty of supervision from that of management. This avoids an “agency conflict”. The market might penalise the company if this conflict is not successfully resolved, based on the understanding that it endangers the creation of value for the shareholders.
- (b) Multiple studies empirically demonstrate that there are various tools and factors affecting the actual existence of an agency conflict, and thus affecting the appropriate (or inappropriate) separation of duties.

On the one hand, they identify tools linked to the companies' governance system, and on the other external factors that do not depend on the governance model (such as the profile of the shareholders or the competitive environment).

Each company should choose the model and the measures that best conform to their circumstances at any particular time, business model, and external factors.

- (c) There is no empirical evidence that leads to a conclusion as to the best alternative to ensure the effective separation of the duties of supervision and management.
- (d) Iberdrola has a decentralised governance model that separates the duty of management from that of supervision, and also has a governance system with an executive chairman that is counterbalanced, determined on the basis of a set of governance practices expressly designed to respond to the demands of widely-dispersed shareholders and a high level of foreign institutional investors.

The decentralisation of Iberdrola's governance model requires a permanent and sophisticated supervision function. This function, attributed to a holding company, requires leadership that absolutely involves a high level of professional commitment, with a level of depth, presence and involvement in his work. Thus, whomever assumes such work must be considered an "executive" of the Company.

- (e) The practical application of Iberdrola's governance model is proof of its validity, reflecting economic/financial performance that is better than its comparable companies, with this model historically being supported by the shareholders at the General Shareholders' Meetings and by the capital markets.

4.3. Summary of the annual evaluations of the activities of the chairman of the Board of Directors since his last re-election

The performance of the chairman of Iberdrola's Board of Directors has been assessed as outstanding in the annual evaluation directed by the coordinating director, which was advised by an independent external adviser.

In particular, the report of the coordinating director regarding the directors' evaluation of the work of the chairman of Iberdrola's Board of Directors during 2014 emphasised his leadership, his vision, and his dedication to the Company, also taking into account that he is managing well in the economic environment of the countries in which the Group does business, and that he has adopted the strategic measures most appropriate to the corporate interest at all times.

4.4. Report of the Appointments and Remuneration Committee

As provided by section 529 *decies* of the Companies Act, article 12.2 of the *Regulations of the Board of Directors*, and articles 3 f) and 5 e) of the *Regulations of the Appointments and Remuneration Committee*, the Appointments and Remuneration Committee must report to the Board of Directors on the proposed re-election of the directors and the chairman.

As regards the proposal regarding the re-election of Mr José Ignacio Sánchez Galán, the Appointments and Remuneration Committee has verified that he meets the

requirements of respectability, capability, expertise, competence, experience, qualifications, training, availability, and commitment to the duties of the position and that he is not affected, directly or indirectly, by any of the instances of incompatibility with or prohibition against holding such office or by having interests that conflict with or are contrary to the corporate interest as set forth in provisions of a general nature or in the Corporate Governance System.

In its report regarding the proposed re-election of Mr Sánchez Galán, the Appointments and Remuneration Committee emphasises his activities during the term now ending, the fit of his professional profile to the particular aspects of the business carried out by the Company, his knowledge of the industries in which it operates, and its international nature, appropriately combined with the abilities and competencies needed to lead the supervisory function that Iberdrola's governance model assigns to the Board of Directors.

4.5. Proposal of the Board of Directors.

In view of the external and internal reports received, the Company's Board of Directors has found in preparing the proposal for re-election of Mr José Ignacio Sánchez Galán as executive director that:

- (a) The existence of an executive chairman is the alternative deemed most appropriate and effective to successfully carry out the businesses of the Company and its Group, given the special complexity thereof, in which in-depth engagement and dedication to high-level decision-making is a key factor, the demonstrated leadership ability of Mr José Ignacio Sánchez Galán, and the specificities of Iberdrola's Corporate Governance System.
- (b) The system of counterbalances set out in Iberdrola's Corporate Governance System has functioned effectively: it has permitted the coexistence of strong leadership and the coordination of all the businesses of the Group, in all the territories in which it operates, with effective separation of the powers of management and supervision.
- (c) The counterbalances have recently been strengthened at the initiative of the chairman of the Board of Directors himself with measures such as:
 - Increased presence of independent directors within the Board of Directors (approximately 77 % of the non-executive directors are independent); which is at the level of the most prominent international companies, and above all of its comparable European counterparts.
 - A more diverse and balanced Board of Directors, with members of various nationalities and 36 % of female directors, and in which almost all of the directors have experience on other boards and significant knowledge of

industry and the Group.

- Strengthening of the position of coordinating director, expanding the duties thereof beyond those required by law.
- Formalisation of a succession plan for the chairman in the *General Corporate Governance Policy*.
- Culmination of the process of corporate reorganisation of the Group and the resulting decentralisation of executive duties.

In this regard, last year the implementation of the group's structure culminated with the creation of "Iberdrola España, S.A." (Sociedad Unipersonal), the Spanish subholding company for the energy-related businesses.

Iberdrola is thus already a pure holding company to which is exclusively reserved the general duties of supervision and coordination of the businesses, which it exercises together with the country subholding companies, assigning the power of effective management to the business subholding companies. Both the country subholding companies and the business subholding companies have boards of directors with the presence of independent directors and their own management teams.

- (d) At Iberdrola, the duty of supervision is not performed only by the Board of Directors and its committees, but rather the Company itself, based on the Group's governance model, and together with the country subholding companies, continuously supervises the management of the businesses by the business subholding companies and by their management teams.

A fundamental part of the mission of the chairman of the Board of Directors is to lead this supervisory function, the intensity and level of sophistication of which require a level of commitment, depth, presence, and involvement that make it appropriate for the implementation thereof to be allocated to an executive director.

- (e) The effectiveness of the model has been validated by the shareholders of the Company, who have approved the Board of Directors' management by an immense majority at the latest General Shareholders' Meetings, receiving only 0.11 % (2014), 0.09 % (2013), and 0.16 % (2012) of votes against, all within a context of extremely high participation (approximately 80 %), which is the result of an on-going policy to involve the shareholders in the corporate governance of the Company and its strategy of social responsibility, which is made explicit in the *Shareholder Engagement Policy* approved by the Board of Directors on the date this report is issued.

- (f) The activities of the chairman of the Board of Directors has each year been assessed as outstanding, following a demanding process of evaluation pre-established in the Corporate Governance System, and which was supported by the collaboration of a prestigious independent external adviser. These evaluations have highlighted the good management performed within a difficult economic environment, which has translated into the good stock market performance of the Company's shares.
- (g) The conclusions above are supported by the Group's financial indicators, which objectively prove the good performance of Iberdrola's business model. Since his appointment, the chairman of the Board of Directors has increased the Company's value by a multiple of 2.7, doubled profit per share, and grew EBITDA at an average rate of 8 % annually, to cite only the most significant data. In all cases, these achievements are far above comparable companies, as described in the report prepared by PriceWaterhouseCoopers Asesores de Negocio, S.L.
- (h) The financial success has been accompanied by the decisive wager on Iberdrola's independence and the sustainable creation of long-term value, to the benefit of its shareholders and all of the stakeholders with which the Group relates in the various communities and territories in which it operates.
- (i) Iberdrola has strengthened its position as a global leader in the application of the most advanced corporate governance practices, as shown by the Company's *Corporate Policies*, which are constantly being updated and improved, and the across-the-board concept of corporate interest included in the most recent amendment of the Corporate Governance System, which will culminate with the potential approval of a new text of the *By-Laws* and a new *Regulations for the General Shareholders' Meeting* at the next General Shareholders' Meeting.
- (j) From this viewpoint, the strategy led by the chairman of Iberdrola's Board of Directors has not only been successful in business management, in terms of shareholder remuneration and sustainable growth, but has also been able to extend the success of its management model to all the other stakeholders.
- (k) Iberdrola has become a leader in renewable energy and has positioned itself at the forefront of the fight against climate change, committing itself to biodiversity and the protection of the environment and promoting the refocusing of its innovative activities towards energy generation sources that are sustainable and not aggressive towards the environment, which allows for a reduction in emissions and the excellent management of strategic resources, like water.
- (l) In the area of human resources, the chairman of the Board of Directors has achieved a good labour climate and has driven a human resources policy focused on promoting equal opportunity, regardless of gender and any other physical, social or cultural circumstance, establishing as a primary goal the health and

safety of the workers and all persons forming part of Iberdrola's value chain, from suppliers to the end customer. He has promoted reconciliation and the maintenance of high-quality labour conditions, consistently placing the Company among the most valued companies to work out according to the main surveys and professional ratings in this area.

- (m) He has created an ethical culture that is based on respect for human rights, by complying with legal provisions and adopting the strictest internationally recognised practices, promoting the approval of a *Code of Ethics*, establishing an autonomous and decentralised compliance structure capable of supervising the entire Group, and leading risk management systems that allow Iberdrola's Board of Directors to determine the Group's risk guidelines and supervise the application thereof.
- (n) In the area of transparency, he has strongly driven the quality of public information, using international standards, with pioneering initiatives such as the publication of the *Integrated Report*, and strengthening the credibility of the information in all aspects by use of external verifications.
- (a) Finally, under the chairmanship of Mr José Ignacio Sánchez Galán, a series of foundations and non-profit organisations linked to companies of the Group have been created in the principal territories in which it operates, and through which the Company's social responsibility strategy is implemented and coordinated, strengthening the Group's relationships with the communities in which it does business.

5. Membership on other Boards of Directors of Listed or Unlisted Companies

Mr José Ignacio Sánchez Galán is chairman of the board of directors of Scottish Power, Ltd. and of Iberdrola USA, Inc., the country subholding companies carrying out the duty of organisation and strategic coordination of the businesses of the Iberdrola Group in the United Kingdom and the United States of America, respectively.

6. Statement of Category of Director to Which He Belongs or Should Belong

Mr José Ignacio Sánchez Galán should be assigned to the category of executive director, as he holds the status of chief executive of the Company.

7. Shares of the Company and Derivative Financial Instruments whose Underlying Assets are Shares of the Company

Mr José Ignacio Sánchez Galán is the direct and indirect holder of 7,209,645

shares of the Company, is not a holder of derivative financial instruments of which the shares are underlying assets, and does not have any ties with holders of significant interests.

8. Date of First and Subsequent Appointments as a Director of the Company.

Mr José Ignacio Sánchez Galán was appointed as a director of the Company by its Board of Directors on 21 May 2001, and was re-elected to his position by the shareholders on 16 June 2001, 18 March 2005, and 26 March 2010.

9. Proposed Resolution Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolution unanimously submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

"H.- Re-election of Mr José Ignacio Sánchez Galán as director, with the status of executive director.

To re-elect Mr José Ignacio Sánchez Galán as director, after a report from the Appointments and Remuneration Committee, for the by-law mandated four-year term, with the status of executive director."

* * *

Bilbao, 17 February 2015



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE COMPANY'S BY-LAWS INCLUDED IN ITEM EIGHT ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the Report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) in order to provide a rationale for the proposed amendment of the By-Laws submitted to the shareholders for approval at the General Shareholders’ Meeting of the Company under item eight on the agenda.

Section 286 of the Companies Act requires the preparation of a written report by the directors providing a rationale for the proposed amendment of the *By-Laws*. In compliance with this provision, a description of the purpose of and rationale for the by-law amendment is provided, followed by the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting.

In addition, in order to provide the shareholders with a visualisation of the scope of the amendment and a comparison between the new text of the articles proposed to be amended and the text currently in effect, attached to this report as an Annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text currently in force, which is contained in the left-hand column.

2. Rationale for the Proposal

2.1 Introduction: Purposes of the Amendment

Iberdrola’s corporate governance strategy consists of pursuing the fulfilment of the corporate interest, taking into account the other legitimate public or private interests that converge in its business activity and institutional reality, particularly those of the various communities and territories in which the Company operates and those of its employees and other stakeholders linked to Iberdrola and to the group of companies of which the Company is the controlling company, within the meaning established by law (the “**Group**”).

One of the main pillars underpinning such strategy is its commitment to best corporate governance, business ethics, and corporate social responsibility practices in all its areas of activity.

Such commitment is reflected, in particular, in the application, revision, and ongoing and systematic improvement of its Corporate Governance System, taking into



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account the good governance recommendations generally accepted in the international markets and the trends in this area.

As a result of such revision and ongoing improvement efforts, Iberdrola is one of the corporations with some of the most advanced corporate governance practices worldwide.

With these proposed by-law amendments, Iberdrola seeks to maintain its leading position in the area of corporate governance.

Overall, the shareholders are the main pillar around which this proposed amendment of the By-Laws revolves. As will be discussed below in the rationale for each of the proposals, the ultimate aim of this amendment is to ensure that the text of the By-Laws strengthens shareholder rights, enhances the guarantees given to the shareholders, and provides a regulatory framework suitable to encourage the participation of the shareholders in Iberdrola. A text that, in short, fosters the shareholders' involvement in the life of the Company.

Specifically, the purposes of this amendment of the By-Laws are the following:

- a) To introduce new legislative developments strengthening the position of the shareholders approved since the holding of the last General Shareholders' Meeting and, in particular, the changes stemming from Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance ("**Law 31/2014**").
- b) To acknowledge the status of Iberdrola as a holding company following the reorganisation carried out in Spain, which has entailed the creation of the subholding company "Iberdrola España, S.A." (Sociedad Unipersonal) and has resulted in Iberdrola operating exclusively as a holding company, with its activities focused on coordination and supervision of the Group.
- c) To revise the concept of corporate interest in order to include the principle of sustainability and reflect Iberdrola's desire to create long-term value for the benefit of its shareholders, taking into account other stakeholders related to its business activity and to its institutional reality and, especially, the legitimate interests of the various communities and territories in which it acts as well as those of its employees.
- d) To continue moving forward with the development of the concept of Corporate Governance System, understood as the Company's internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and that applies to the entire Group.
- e) To make other corporate governance improvements reflecting the latest

recommendations generally recognised in international markets, thus ensuring the role of Iberdrola as an indisputable leader in this field.

This category of amendments particularly includes those designed to strengthen the framework of Iberdrola's relations with its shareholders, seeking to involve them in the life of the Company.

- f) Finally, advantage has been taken of this by-law revision to simplify the text thereof, to remove sections that reproduced the text of the law, and to make other improvements of a technical nature.

As will be explained below, this has entailed the removal of many sections, such that the new text is simpler, clearer, and more accurate while continuing to regulate all relevant substantive matters, in addition to including numerous improvements. The resulting text of the By-Laws is thus shorter but broader in content.

Furthermore, the judgments of the Supreme Court in its decision of 12 November 2014 and of the Provincial Court of Biscay in its decision of 28 December 2012 (to the extent not subject to appeal) regarding the challenge to the text of these articles approved by the shareholders at the General Shareholders' Meeting held on 27 May 2011 have been taken into account in the proposed amendment of the current articles 20.3 (shareholders' right to receive information), 27.1 (powers of the chair of the General Shareholders' Meeting), 29.2 (prohibition against assignment of voting rights in exchange for consideration), and 30.1 (restriction on exercise of voting rights due to conflict of interest) of the *By-Laws*.

2.2 Structure of the Proposed Amendments

Inasmuch as the same changes affect several articles, the proposed amendments have been grouped into four independent blocks for voting purposes in order to facilitate the proper exercise of shareholders' voting rights, pursuant to the provisions of section 197 *bis* of the Companies Act and article 34.1 of the *Regulations for the General Shareholders' Meeting*:

A.- Amendment of Title I (*The Company, its Share Capital, and its Shareholders*) in order to reflect the status of Iberdrola as a holding company, to include improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (*The General Shareholders' Meeting*), in order to conform the text thereof to Law 31/2014, to include other technical changes, and to simplify the text thereof.

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (*Management of the Company*), in order to conform the text thereof to Law

31/2014, to revise the powers of the Board of Directors in view of Iberdrola's status as a holding company, and to include other corporate governance and technical improvements.

D.- Amendment of the current Titles III and IV, which now become the new Titles IV (*Breakthrough of Restrictions in the Event of Takeover Bids*) and V (*Annual Accounts, Dissolution, and Liquidation*), and removal of the current Title V (*Final Provisions*).

Below is a description of the main amendments submitted to the shareholders for approval at the General Shareholders' Meeting, grouped in accordance with the four voting blocks described above:

2.3 Amendment of the Current Title I

Corporate Governance System, Corporate Interest, and Ethical Principles

First, in Chapter I of Title I, it is proposed to divide the text of the current article 1 into three articles.

The first article is dedicated solely to the company name; the new article 2 concerns the applicable legal provisions and develops the concept of Corporate Governance System; and the new article 3 describes the corporate interest and includes a reference to the ethical principles that are to govern the Company's activities.

The Corporate Governance System of the Company and the Group is the internal system of rules that, in accordance with applicable law and in the exercise of corporate autonomy supported thereby, ensures the best development of the corporate object of Iberdrola, as a large international business entity that operates in quite varied economic and social contexts, as well as the fulfilment of the corporate interest, understood as the common interest of all shareholders of an independent company with a broad institutional and retail shareholder base.

In this regard, the new article 2 seeks to highlight its importance as a key element that is to inform corporate governance in the entire Group.

The text of the new article 3, relating to the corporate interest and the ethical principles that are to govern the Company's activities, provides a reformulation of the concept of corporate interest to include the principle of sustainability and to spell out Iberdrola's desire to create long-term value for the benefit of its shareholders.

The foregoing entails formally recognising at the by-law level the importance of the focus on the economic, social, and environmental aspects of sustainability that drives all of the activities of the Company and the Group, which was from the very beginning a component of the vision statement of the Company and the Group, which combines the economic, social, and environmental aspects of sustainability.

The concept of corporate interest also includes a reference to the other stakeholders related to its business activity and to its institutional reality, and especially the legitimate interests of the various communities and territories in which it acts and those of its employees.

Although the Corporate Governance System has for years acknowledged and taken those stakeholders into account in the *Corporate Policies*, their corporate recognition has culminated with the inclusion thereof in the *By-Laws*.

Finally, the new article 3 includes a reference to the *Code of Ethics*, which further develops and formalises the vision and values of Iberdrola and which serves as guidance for the conduct of its professionals in a global, complex, and changing environment. The extraordinary significance of this internal set of rules in the Group's operations makes it advisable that it also be expressly mentioned in the *By-Laws*.

Object of the Company, Duration, and Registered Office

No substantial amendments are made in the current articles 2 and 3, which now become articles 4 and 5, governing the object and the duration of the Company, with only minor technical improvements being introduced in the text thereof.

Along the same lines, the text of the current article 4, which now becomes the new article 6, is simplified, such that the reference to the decisions the Board of Directors can make is removed as they are provided by law.

The Group

It is proposed to include a new article 7 to formally describe the corporate structure and governance model, based on the status of Iberdrola as a holding company owning country subholding companies in certain countries in which the Group operates, which in turn are the owners of the business subholding companies in each country that are in charge of the effective management of the businesses.

This corporate structure, which has been successfully implemented in Spain, Mexico, Brazil, the United States of America, and the United Kingdom, favours expedited and prompt decision-making in day-to-day management by the business subholding companies, and at the same time allows for adequate coordination at the Group level as a consequence of the duties of supervision performed by the country subholding companies and by Iberdrola.

The completion of the corporate reorganisation carried out by Iberdrola in Spain has culminated with the conformance of the corporate structure of the Group, for which reason it has been deemed necessary to acknowledge it in the *By-Laws*.

Permanent Contact with Shareholders, Transparency, and Corporate Website

It is also proposed to include the new articles 8 and 9, which provide for the

principles that must govern the relations between the Company and its shareholders and the markets, and the corporate website, respectively.

Specifically, article 8 establishes the principle of permanent contact with the shareholders and of transparency of the Company's relations with the shareholders and the market. The two parts of this article set forth concepts that are key to understanding the Company's corporate governance model, which concepts inform the interpretation and application of all other rules making up the Corporate Governance System.

Article 9 states the purpose that the Company believes its corporate website should satisfy, which goes beyond being a mere portal with predominantly static information. Rather, the Company's corporate website is envisaged as an instrument for channelling the Company's relations with its shareholders and the markets, as set forth in the text of this article.

Share Capital, Representation of Shares, and Unpaid Subscriptions

No amendments are made to the text of the current article 5, which now becomes article 10, governing share capital.

For purposes of text simplification, as it is governed by law, it is proposed to remove practically all of the text of article 6, governing representation of the shares, which now becomes article 11 and which is consolidated with the text of the current article 7, setting forth the essential provision that governs unpaid subscriptions.

Shareholders and their Involvement

Finally, it is proposed to remove the articles that so far made up Chapter III, governing the increase and reduction in share capital, as it is not deemed necessary that provision therefor be made in the *By-Laws*, and to introduce a new Chapter III relating to the shareholders, which highlights Iberdrola's desire to encourage their involvement and to foster their participation in the Company.

Iberdrola thus seeks to introduce a shift in the relations between the Company and its shareholders and to develop a strategy allowing for the establishment of constructive, ongoing, and effective dialogue oriented to the alignment of the shareholders' interests and those of the Company.

For this purpose, it is proposed to further develop the text of the current article 8, which now becomes article 12, and to include the new articles 13 and 14, relating to the involvement of the shareholders in the Company and to the relationship of the shareholders with the Corporate Governance System, with article 14 now containing the text of the last two sections of the current article 8.

Finally, to simplify the text of the *By-Laws*, it is proposed to remove the current articles 13 and 14, and thus the current Chapter IV (*Issuance of Debentures and Other*

Securities”) as a whole, as the regulation thereof in the *By-Laws* is not necessary.

2.4 Amendment of the current Chapter I of Title II, which now becomes the new Title II (*The General Shareholders’ Meeting*).

The General Shareholders’ Meeting and Participation of the Shareholders

First, it is proposed to turn the current Chapter I of Title II into the new Title II, the heading of which is now that of the current Chapter I, i.e. “*The General Shareholders’ Meeting*”.

The first article, i.e. the current article 16, now becomes article 15 for purposes of consecutive numbering following the articles proposed to be amended in the preceding section of this report. It is proposed to make technical improvements in the text of such article.

It is also proposed to include a new article 16, providing for the duty of the Board of Directors to adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting, in accordance with Iberdrola’s strategy of fostering their involvement in its corporate life. In addition, provision is made for the existence of a predefined and public policy for the payment of attendance bonuses. This policy is currently included in the *General Corporate Governance Policy*.

The purpose of this amendment is to include in the *By-Laws* a good governance practice that enjoys recognition in international markets, seeking to ensure that payment of the attendance bonus is made in a transparent and objective manner.

Powers of the Shareholders Acting at a General Shareholders’ Meeting

Article 17, which governs the powers of the shareholders acting at a General Shareholders’ Meeting, sets forth the new powers that Law 31/2014 gives thereto: the approval of the director remuneration policy; relieving the directors from the prohibitions arising from the duty of loyalty in certain circumstances; the transfer to controlled entities of core activities that were previously carried out by the Company itself; the acquisition, transfer, or contribution of key assets from or to another company; and the approval of transactions having an effect equivalent to liquidation of the Company.

Additionally, the power of the shareholders acting at a General Shareholders’ Meeting relating to the issuance of debentures and other negotiable securities is limited to those that are convertible into shares or that give the right to subscribe thereto, leaving the power regarding the issuance of other types of debentures and negotiable securities to the provisions of law at any particular time.

Types of Meetings and Rules Governing the Call to Meeting

It is proposed to remove article 18, which governs the types of meetings, as it is

deemed technically more appropriate for this matter to be provided for in the *Regulations for the General Shareholders' Meeting*. For the same reason, it is proposed to remove the text of article 19 regarding the call to the General Shareholders' Meeting.

Right to Receive Information

In the current article 20, which now becomes article 19, the period during which the shareholders may exercise their right to receive information prior to the General Shareholders' Meeting is extended, in line with the amendment contained in Law 31/2014, and the text is further amended to comply with the new rule introduced by such law regarding the enumeration of specific cases in which the Board of Directors is not required to provide the information. In addition, other technical improvements are made and section 5 of this article, the text of which is provided in the law, is removed in order to simplify the text thereof.

Place of the Meeting, Establishment of a Quorum, Attendance, and Proxy Representation

It is proposed to include a new article 20 governing the place where the General Shareholders' Meeting must be held, which matter was governed so far in the first section of the current article 24. The new article 20 provides that the General Shareholders' Meeting shall be held within the municipal territory of Bilbao, thus following the rule of the General Department of Registries and Notarial Offices (*Dirección General de los Registros y del Notariado*) on the interpretation of section 175 of the Companies Act.

In article 21, minor technical improvements are made, and there is a new section 2 in article 22 that contains the provisions regarding the holding of the General Shareholders' Meeting at different places or locations, so far governed by the second section 2 of article 24. In addition, section 4 of article 22 now includes a specific reference to the simultaneous or delayed broadcast of the General Shareholders' Meeting, which has been a customary practice at the latest General Shareholders' Meetings held by Iberdrola.

As a consequence of the inclusion of the new article 20 and the changes made to article 22, the text of the current article 24 is removed.

Presiding Committee of the General Shareholders' Meeting, List of Attendees, Deliberations, Voting, Conflicts of Interest, and Approval of Resolutions

In order to maintain the consecutive numbering of articles, the current article 25 now becomes article 24, in which it is proposed to amend the provisions governing the composition of the presiding committee (*mesa*) of the General Shareholders' Meeting and the positions of chair of and secretary for the meeting.

In line with the foregoing amendments, the text of the current articles 26, 27, and

28 of the *By-Laws*, which now become the new articles 25, 26, and 27, respectively, is simplified, and minor technical improvements are made therein.

Article 30, which now becomes article 28, lays down the new rules applicable to conflicts of interest at the General Shareholders' Meeting established by section 190 of the Companies Act, as amended by Law 31/2014.

Finally, and along the same lines, it is proposed to amend the text of the first section of article 29, the last article within the new Title II, to include the new majority system applicable to the approval of resolutions at the General Shareholders' Meeting introduced by Law 31/2014.

2.5 Amendment of the current Chapter II of Title II, which now becomes the new Title III (*Management of the Company*).

Management and Representation of the Company and Regulation of the Board of Directors Thereof

Similarly to the amendment of the heading of the new Title II, it is proposed to turn the current Chapter II of Title II into the new Title III, under the heading "*Management of the Company*", and to turn the four sections of the current Chapter II of Title II of the *By-Laws* into the new Chapters I, II, III, and IV of the new Title III.

As in the amendment described in the preceding section of this report, the first article of the former Chapter II of Title II, article 32, now becomes article 30 in order to maintain the consecutive numbering following the articles of the former Chapter I.

The most significant change introduced in the new articles 30 and 37 consists of giving the Board of Directors greater flexibility to freely decide regarding the establishment of the committees of the Board of Directors that are not legally mandatory. It is thus permitted that the Company's institutional structure adapt better and more swiftly to the needs of the Board of Directors from time to time, without needing to amend the *By-Laws* for such purpose.

Accordingly, the Executive Committee (*Comisión Ejecutiva Delegada*) and the Corporate Social Responsibility Committee are established as non-mandatory, and provision is made for the possible appointment of more than one chief executive officer (*consejero delegado*). The same change is made in article 48, which now becomes the new article 43.

The current article 33, which becomes article 31, is subject to minor technical improvements only.

Powers of the Board of Directors

Article 34, which governs the powers of the Board of Directors and now becomes article 32, has been thoroughly revised to reflect the nature of the functions of the Board

of Directors of Iberdrola as a company acting exclusively as a holding company.

In this regard, in addition to a redefinition of the functions of the Board of Directors in view of the above, the text of the article has been greatly simplified, with further development thereof being contemplated in the *Regulations of the Board of Directors*.

For the same purpose and in order to simplify the text of the By-Laws, it is proposed to remove the text of the current article 35.

Composition of the Board of Directors, Appointment of Directors, and Types of Directors

In the current article 36, governing the composition of the Board of Directors and the appointment of directors, which now becomes article 33, some drafting improvements are made and the requirement is established for resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors to be accompanied by a report providing the rationale for the proposal; this requirement was introduced as mandatory by Law 31/2014, and the Company voluntarily complied with it at its last General Shareholders' Meeting. In addition, the opportunity of the amendment of this article is taken to clarify, for purposes of avoiding interpretations that are incompatible with the purpose thereof, that the reference in section 3.c) to governments (*administraciones públicas*) and national or autonomous community law is to those in Spain, as that is where the Company has its registered office.

In the current article 37, which now becomes article 34, governing the types of directors, it is proposed to include the changes introduced by Law 31/2014 in the definition of the categories of directors. Requirements regarding the qualitative composition of the Board of Directors are also introduced, providing that the Board of Directors shall ensure that a majority of its members are independent directors.

The text of the By-Laws thus explicitly provides for a practice that Iberdrola has been observing in the last years. In this regard, it may be worthy to point out that as of the date of preparation of this report, independent directors accounted for 77% of the non-executive directors.

Rules Applicable to the Operation of the Board of Directors

Also with a view to simplifying the text of the By-Laws and giving the Board of Directors greater flexibility in adopting its own rules of operation, it is proposed to remove articles 38 and 41, governing the designation of internal positions and the formalisation of resolutions. There has also been a simplification of the text of article 39, governing the meetings of the Board of Directors, which now becomes article 35.

The current article 40, which now becomes article 36, governing the quorum for

the meeting and majorities required to adopt resolutions, now includes a provision that the non-executive directors can grant their proxy to other non-executive directors, pursuant to the provisions of Section 529 *quáter* of the Companies Act, introduced by Law 31/2014.

Committees of the Board of Directors

In article 42, which now becomes article 37 and governs the committees of the Board of Directors, greater flexibility is given regarding the establishment of such committees, in line with the provisions of the new article 30, such that the Executive Committee and the Corporate Social Responsibility Committee become non-mandatory and provision is made for the possibility of creating an appointments committee and a remuneration committee as two separate committees.

The changes to articles 43, 44, 45, and 46, which govern the operation of each committee, are driven by the same purpose: to give the Board of Directors more freedom in establishing the committees within the framework provided by law and the powers granted to each of them, as well as to simplify the text of such articles and make other minor improvements of a technical nature.

Particularly noteworthy in this regard is the express attribution to the Appointments and Remuneration Committee of the power to report on related-party transactions, as provided by section 529 *quaterdecies* of the Companies Act, introduced by Law 31/2014, with the current distribution of powers thus being maintained.

Positions on the Board of Directors

In article 47, which becomes the new article 42 and governs the positions of chairman and vice-chair of the Board of Directors, express provision is made for the functions that the Companies Act, as amended by Law 31/2014, grants to the chairman of the Board of Directors in section 529 *sexies* thereof, as well as express mention of the plan for succession to the position of chairman, on which the Board of Directors has elaborated in the *General Corporate Governance Policy*.

In the current articles 48 and 49, which become the new articles 43 and 44, governing the positions of chief executive officer and of secretary and deputy secretary, respectively, some technical improvements are made and the text thereof is simplified. In addition, as explained above, the new article 43 provides for the possibility of appointing more than one chief executive officer.

It is proposed to include a new article 45, spelling out the checks and balances system currently existing within the Company's Corporate Governance System. This article provides for two general principles and a series of specific measures.

Such principles consist of the mandatory existence of mechanisms preventing the chairman of the Board of Directors, the Executive Committee, or the chief executive

officers from having a decision-making power that is not subject to appropriate checks and balances, and the adoption of measures ensuring that both the chairman of the Board of Directors and the Executive Committee are under the effective supervision of the Board of Directors.

The specific measures consist of:

- a) Requiring a qualified majority to appoint an executive director as chairman.
- b) Providing, pursuant to section 529 *septies* of the Companies Act, introduced by Law 31/2014, for the appointment of a coordinating director (*consejero coordinador*) as a figure equivalent to the lead independent director (*consejero independiente especialmente facultado*) already provided for in the Corporate Governance System in case the chairman is also an executive director.

Apart from the powers vested by the Companies Act, such person is also assigned those of participating in planning the annual schedule of meetings and in preparing the agenda for each meeting and to lead the process of succession to the position of chairman.

The coordinating director is also granted the power to maintain contact with shareholders when so decided by the Board of Directors.

Rules Applicable to Directors

Article 50, which now becomes article 46, governing the duties of directors, provides for the new content of the general duty of diligence laid down in section 225 of the Companies Act, as amended by Law 31/2014. The other changes seek to introduce improvements of a technical nature.

Along the same lines, in the current article 51, which now becomes article 47, governing the term of office of directors, it is proposed to make minor technical improvements and to remove the last section in order to simplify the text thereof.

The purpose of the amendments to article 52, governing director remuneration, is to align the current rules with the rules applicable to director remuneration established by the Companies Act following the amendment thereof by Law 31/2014, which make it mandatory to provide a breakdown of the items of remuneration to be received by the directors in their capacity as such.

Finally, it is proposed to make minor technical improvements in the current article 53, governing the powers of information and inspection, which now becomes article 49.

Removal of the Current Articles relating to the Annual Corporate Governance Report and to the Corporate Website

It is also proposed to remove articles 54 and 55, relating to the *Annual Corporate Governance Report* and to the corporate website.

In the case of the former, the purpose of the removal is to simplify the text of the *By-Laws*, as such text is determined by law and is met in accordance with the form provided by the National Securities Market Commission. In the case of the latter, the removal is proposed in view of the inclusion of the new article 9, which regulates the operation of such corporate website in greater detail.

2.6 Amendment of the current Titles III and IV, which now become the new Titles IV (*Breakthrough of Restrictions in the Event of Takeover Bids*) and V (*Annual Accounts, Dissolution, and Liquidation*), and elimination of the current Title V (*Final Provisions*).

The purpose of the changes affecting the articles that comprise the current Titles III and IV of the *By-Laws* is to make technical improvements (particularly in the current Title III) and to simplify the text thereof (especially in Title IV).

In this regard, in order to maintain the consecutive numbering of the titles, which changed as a consequence of the amendments discussed in the preceding sections of this report, it is proposed to turn the current Title III of the *By-Laws* into the new Title IV, with no change of heading, and the current Title IV into the new Title V, under the heading “*Annual Accounts, Dissolution, and Liquidation*”.

In addition, in order to maintain the consecutive numbering of the articles as a result of the amendments described above, the articles should be renumbered as from article 50, such that the current article 56 becomes article 50 and so forth.

Specifically, the main amendments affecting the articles in the current Title III, which becomes the new Title IV, consist of updating the cross-references to other articles.

In the current Title V, which becomes the new Title VI, the purpose of the changes is to simplify the text of the current articles 59 and 61, which become articles 53 and 54, to amend the standards for determining the composition of the liquidating body of the Company established in article 64, which becomes article 56, and to remove article 60, relating to the auditors, article 62, governing the filing of the approved accounts, article 65, governing supervening assets and liabilities, and the sole final provision, such that Title V containing such provision should be removed. This is because the text removed is the text contained in the law.

3. Proposed Resolution Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

"ITEM EIGHT ON THE AGENDA

Amendments of the By-Laws in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act (Ley de Sociedades de Capital) to improve corporate governance, to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

RESOLUTION

A.- Amendment of Title I (The Company, its Share Capital, and its Shareholders).

In order to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof, it is hereby resolved:

- (a) to amend the heading of the current Title I of the By-Laws, which now becomes "The Company, its Share Capital, and its Shareholders";*
- (b) to create a new Chapter III, entitled "The Shareholders" and to remove the current Chapter IV; and*
- (c) to restate the articles making up such title, which shall hereafter read as follows:*

"TITLE I. THE COMPANY, ITS SHARE CAPITAL, AND ITS SHAREHOLDERS

Chapter I. General Provisions

Article 1. Company Name

The name of the company is IBERDROLA, S.A. (the "Company").

Article 2. Applicable Legal Provisions and Corporate Governance System

- 1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.*

2. *The Corporate Governance System is the Company's internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby, and that applies to the entire group of companies controlled by the Company. It is intended to ensure through rule-making the best development of the corporate object of the Company, as an international business entity that operates in quite varied economic, legal, and social contexts, as well as the fulfilment of the corporate interest.*
3. *The Corporate Governance System is made up of these By-Laws, the Corporate Policies, the internal corporate governance rules, which include the Regulations for the General Shareholders' Meeting, the Regulations of the Board of Directors and those of its committees, and of the other internal codes and procedures approved by the competent decision-making bodies of the Company.*
4. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors, within their respective purview, develop, apply, and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*

Article 3. Corporate Interest and Ethical Principles

1. *The Company pursues the fulfilment of the corporate interest, which is understood as the common interest of all shareholders of an independent company oriented towards the sustainable exploitation of its corporate object and the creation of long-term value for the shareholders' benefit, taking into account other stakeholders related to its business activity and to its institutional reality, and especially the legitimate interests of the various communities and territories in which the Company acts and those of its employees.*
2. *The Company aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System but also to ethical principles and generally accepted principles of social responsibility. The Board of Directors has for such purpose approved a Code of Ethics that includes this commitment under the By-Laws.*

Article 4. Object of the Company

1. *The Company's object is:*
 - a) *To carry out all manner of activities, works, and services inherent in or related to the business of production, transmission, switching, and distribution or supply of electric power or electricity by-products and applications thereof, and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications, and internet-related services; water treatment and*

distribution; the integral provision of urban and gas supply, as well as other gas storage, regasification, transportation, or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.

- b) *The distribution, representation, and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts, and accessories.*
 - c) *The investigation, study, and planning of investment and corporate organisation projects, as well as the promotion, creation, and development of industrial, commercial, or service companies.*
 - d) *The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.*
2. *The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.*

Article 5. Duration

The duration of the Company is indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.

Article 6. Registered Office

1. *The registered office of the Company is in Bilbao (Biscay), at Plaza Euskadi número 5.*
2. *Such registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors.*

Article 7. The Iberdrola Group

1. *The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “**Group**”).*
2. *The corporate and governance structure of the Company is defined based on the following:*
 - a) *The Company has duties relating to the design of the Corporate Governance System and to the establishment, supervision, and implementation of the*

policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level.

- b) The country subholding companies, which are directly or indirectly subordinate to the Company, carry out the function of organisation and strategic coordination in those countries where the Board of Directors of the Company so decides.*

These entities, which group together equity stakes in the business subholding companies in the various countries in which the Group operates, are also responsible for disseminating, implementing, and ensuring compliance with the policies, strategies, and general guidelines of the Group in each of the countries in which it operates, taking into account the characteristics and unique aspects of such countries.

- c) Finally, the business subholding companies of the Group are in charge of the day-to-day administration and effective management of each one of the Group's businesses within a country, as well as the day-to-day control thereof.*

Article 8. Permanent Contact with Shareholders and Transparency

Permanent contact with its shareholders and ongoing attention to the transparency of corporate information and of relations with its shareholders and with the market generally, in accordance with the provisions of law and the Corporate Governance System, are primary objectives of the Company.

Article 9. Corporate Website

- 1. The Company maintains a corporate website, envisaged as an instrument for channelling its relations with shareholders and investors, which is intended to foster their involvement in corporate life.*
- 2. Through the corporate website:*
 - a) shareholders and investors are provided with the documents and information required by law and the Corporate Governance System and other information deemed appropriate, taking into account the provisions of the preceding section;*
 - b) shareholders are provided with the means to exercise the rights to receive information and to participation in the General Shareholders' Meeting recognised by law and by the Corporate Governance System; and*
 - c) full or summarised versions of the rules making up the Corporate Governance System are published.*

Chapter II. Share Capital and Shares

Article 10. Share Capital

The share capital is 4,791,362,250 euros, represented by 6,388,483,000 ordinary shares having a nominal value of 0.75 euro each, belonging to a single class and series, which are fully subscribed and paid up.

Article 11. The Shares

- 1. The shares are represented in book entry form.*
- 2. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.*
- 3. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase, which may provide for cash as well as non-cash contributions.*

Chapter III. The Shareholders

Article 12. Shareholder Status

- 1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Corporate Governance System. In this regard, the Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.*
- 2. The Company may, as legally allowed, access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.*

Article 13. Involvement of the Shareholders

The Company shall foster continuous and appropriate information for its shareholders, permanent contact therewith, and their involvement in corporate life. For this purpose, the Board of Directors shall establish the channels for participation through which the Company will foster their involvement with appropriate guarantees and coordination mechanisms.

Article 14. The Shareholders and the Corporate Governance System

1. *The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.*
2. *Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith, and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Corporate Governance System.”*

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (The General Shareholders’ Meeting).

In order to conform the text thereof to Law 31/2014 amending the Companies Act to improve corporate governance, to include other changes of a technical nature, and to simplify the text thereof, it is hereby resolved:

- (a) *to convert the current Chapter I of Title II of the By-Laws into the new Title II, entitled “The General Shareholders’ Meeting”; and*
- (b) *to restate the articles currently making up such chapter, which shall hereafter read as follows:*

“TITLE II. THE GENERAL SHAREHOLDERS’ MEETING

Article 15. The General Shareholders’ Meeting

1. *The shareholders, meeting at a General Shareholders’ Meeting, shall decide, by the majorities required in each case and in accordance with law and the Corporate Governance System, on the matters within their power.*
2. *Resolutions that are duly adopted at a General Shareholders’ Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*
3. *The General Shareholders’ Meeting is governed by the provisions of law, these By-Laws, the Regulations for the General Shareholders’ Meeting, other applicable provisions of the Corporate Governance System, and other implementing rules approved by the Board of Directors within the scope of its powers.*

Article 16. Participation of the Shareholders

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting, including, if

appropriate, the payment of attendance bonuses pursuant to a predefined and public policy.

Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders' Meeting, or other rules of the Corporate Governance System, and particularly regarding the following:*

- a) *The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.*
- b) *The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
- c) *The approval of the director remuneration policy.*
- d) *The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
- e) *Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
- f) *The appointment, re-election, and removal of the auditors.*
- g) *The amendment of these By-Laws.*
- h) *An increase or reduction in share capital.*
- i) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- j) *The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General*

Shareholders' Meeting held after the end of the period granted for the use of such delegation.

- k) *The exclusion or limitation of pre-emptive rights.*
 - l) *The authorisation for the derivative acquisition of the Company's own shares.*
 - m) *The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.*
 - n) *The dissolution of the Company and the appointment and removal of the liquidators.*
 - o) *The approval of the final liquidating balance sheet.*
 - p) *The issuance of debentures and other negotiable securities that are convertible into shares or that give the right to subscribe therefor, and the delegation to the Board of Directors of the power to issue them as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
 - q) *The exercise of derivative liability actions against directors, auditors, and liquidators.*
 - r) *The approval and amendment of the Regulations for the General Shareholders' Meeting.*
 - s) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;*
 - t) *The acquisition, transfer, or contribution of key assets from or to another company.*
 - u) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or the shareholders submit for their consideration, upon the terms and with the requirements established by law and the Corporate Governance System.*

Article 18. Call to the General Shareholders' Meeting

1. *The General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.*
2. *The announcement of the call to meeting shall be disseminated through the following media, at a minimum:*
 - a) *The Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).*
 - c) *The Company's corporate website.*

Article 19. Shareholders' Right to Receive Information

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions that they deem relevant, regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and (iii) the audit report.*
2. *During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters set forth in the preceding section.*
3. *The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in these By-Laws, and in the Regulations for the General Shareholders' Meeting, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.*
4. *The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the*

approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.

5. *The Company shall make available to its shareholders the information and documentation required by the provisions of law and the Corporate Governance System.*

Article 20. Place of the Meeting

~~*The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.*~~

Article 21. Establishment of a Quorum for the General Shareholders' Meeting

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda.*
2. *Notwithstanding the provisions of the preceding section, shareholders representing two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of this section 2.*
3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to adopt a resolution regarding one or more items on the agenda, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.*

Article 22. Right to Attend

1. *The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.*
2. *The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places*

provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.

3. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.*
4. *The chair of the General Shareholders' Meeting may authorise the attendance of officers, employees, and other persons related to the Company. The chair may also grant access to the media, to financial analysts, and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.*

Article 23. Right to Proxy Representation

1. *All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.*
2. *Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 27 below for the casting of absentee votes shall apply to the extent applicable.*
3. *Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of law and the Corporate Governance System.*
4. *In cases of absence of identification of the proxy-holder, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of interest affecting the proxy-holder, the rules established in this regard in the Corporate Governance System shall apply.*
5. *The chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.*

Article 24. Presiding Committee, Chair of, and Secretary for the General Shareholders' Meeting

1. *The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.*
2. *The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.*
3. *The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article 44.2 below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.*

Article 25. List of Attendees

1. *Prior to beginning with the agenda for the meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of shares they own or represent by proxy.*
2. *Questions or claims arising with respect to preparation of the list of attendees and compliance with the requirements for a valid quorum at the General Shareholders' Meeting shall be resolved by the chair thereof.*

Article 26. Deliberations and Voting

1. *The chair of the General Shareholders' Meeting shall: direct the meeting; accept new proposed resolutions relating to matters on the agenda; organise the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting; indicate the time and establish, pursuant to the Regulations for the General Shareholders' Meeting, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and these By-Laws; approve the polling and vote counting system; proclaim the voting results; temporarily suspend or propose an extension of the General Shareholders' Meeting; close the*

meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.

- 2. The chair of the General Shareholders' Meeting may entrust the management of the meeting to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out this duty on behalf of the chair, with the chair having the right to retake it at any time. In the event of temporary absence or supervening incapacity of the chair or of the secretary for the General Shareholders' Meeting, the appropriate persons under sections 2 and 3 of article 24, respectively, shall assume the duties thereof.*
- 3. Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders' Meeting.*

Article 27. Absentee Voting

- 1. Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.*
- 2. Shareholders that have cast their absentee vote shall be deemed present for purposes of the establishment of a quorum for the General Shareholders' Meeting.*
- 3. Absentee votes must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
- 4. The Board of Directors is authorised to develop the rules, means, and procedures for absentee voting, including applicable rules on priority and conflict.*

Specifically, the Board of Directors may reduce the advance period set forth in section 3 above for receipt by the Company of absentee votes, and accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept, any absentee votes received after such period, to the extent permitted by the means available.

- 5. The chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying and recognising the validity of the absentee votes cast in accordance with the provisions set forth in the Corporate Governance System and the rules established by the Board of Directors in implementation thereof.*

6. *Remote attendance at the General Shareholders' Meeting by means of data transmission and simultaneously and absentee electronic voting during the course of the General Shareholders' Meeting may be admitted if it is so established in the Regulations for the General Shareholders' Meeting, subject to the requirements set forth therein.*

Article 28. Conflicts of Interest

1. *A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:*
 - a) *Relieve the shareholder of an obligation or grant the shareholder a right.*
 - b) *Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.*
 - c) *Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.*
2. *The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated in article 29.3 below), even if these latter companies or entities are not shareholders.*
3. *If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.*

Article 29. Approval of Resolutions

1. *Except in cases in which the law or these By-Laws require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against. Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.*
2. *No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided,*

however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.

3. *The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.*
4. *Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of resolutions by the shareholders at a General Shareholders' Meeting shall be calculated."*

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (Management of the Company).

In order to conform the text thereof to Law 31/2014 amending the Companies Act (Ley de Sociedades de Capital) to improve corporate governance, to revise the regulation of the powers of the Board of Directors based on the status of IBERDROLA, S.A. as a holding company, and to include other improvements to corporate governance and of a technical nature, it is hereby resolved:

- (a) *to convert the current Chapter II of Title II of the By-Laws into the new Title III, entitled "Management of the Company";*
- (b) *to convert the four sections of the current Chapter II of Title II of the By-Laws into the new Chapters I, II, III, and IV of the new Title III; and*
- (c) *to restate the articles currently making up the current Chapter II of Title II, which shall hereafter read as follows:*

"TITLE III. MANAGEMENT OF THE COMPANY

Chapter I. General Provisions

Article 30. Management and Representation of the Company

1. *The Company is managed and represented by the Board of Directors, its chairman, and, if applicable and if so approved by the Board of Directors, by an executive committee called the Executive Committee (Comisión Ejecutiva Delegada) and, also if so decided by the Board of Directors, by one or more chief executive officers (consejeros delegados).*

2. *Each of these bodies shall have the powers set forth in these By-Laws, the Regulations of the Board of Directors, and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.*

Chapter II. The Board of Directors.

Article 31. Regulation of the Board of Directors

The Board of Directors shall be governed by the provisions set forth in the law, these By-Laws, the Regulations of the Board of Directors, and the other applicable provisions of the Corporate Governance System.

Article 32. Powers of the Board of Directors

5. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Corporate Governance System to the shareholders acting at a General Shareholders' Meeting.*
6. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Corporate Governance System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:*
 - a) *Establish, within legal limits, the policies, strategies, and guidelines of the Group, entrusting to the decision-making bodies and the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the businesses thereof.*
 - b) *Supervise the general development of the aforementioned policies, strategies, and guidelines by the country subholding companies and by the business subholding companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging thereto.*
 - c) *Decide on matters of strategic importance at the Group level.*
7. *The Board of Directors shall generally entrust to its chairman, to the chief executive officers, and to the senior officers the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
8. *The Board of Directors shall design, evaluate, and review the Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the Corporate Policies, which further develop the principles reflected*

in these By-Laws and in the other provisions of the Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders and the activities of the Group.

9. *The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the decision-making bodies acting by delegation or to the senior management of the Company.*

Article 33. Composition of the Board of Directors and Appointment of Directors

1. *The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.*
2. *The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.*
3. *The following may not be appointed as directors or as individuals representing a corporate director:*
 - a) *Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or senior officers thereof, or such persons, if any, as are proposed by them in their capacity as shareholders.*
 - b) *Individuals or legal entities serving as directors in more than three companies with shares trading on domestic or foreign stock exchanges.*
 - c) *Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Group operates.*
 - d) *Individuals or legal entities that are under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.*

4. *The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the Corporate Governance System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors must be accompanied by a report providing the rationale for the proposal.*

Article 34. Types of Directors

1. *Those directors who perform management duties within the Company or its Group, whatever the legal relationship they maintain, shall be deemed executive directors.*
2. *All other directors of the Company, whether proprietary, independent, or other external, shall be deemed non-executive directors:*
 - a) *Proprietary directors: those directors who own a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount, as well as those representing the shareholders described above. However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.*
 - b) *Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company or its Group, its significant shareholders, its officers, or the other directors. Directors who have been independent directors for a continuous period of more than twelve years cannot be deemed to be external independent directors.*
 - c) *Other external directors: those non-executive directors who do not have the characteristics to be deemed proprietary or independent directors.*

The Regulations of the Board of Directors may further elaborate upon and develop these concepts within the framework established by law.

3. *The Board of Directors shall ensure that a majority of its members are independent directors. This instruction, as well as those set forth in these By-Laws and in the Regulations of the Board of Directors regarding the composition of the committees of the Board of Directors, shall be mandatory for the Board of Directors, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders at a General Shareholders' Meeting and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders.*

4. *A rationale for the status of each director shall be given by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the Annual Corporate Governance Report, after a report from the Appointments and Remuneration Committee.*

Article 35. Meetings of the Board of Directors

1. *The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for by law and the Regulations of the Board of Directors. Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting, which shall be made in accordance with the provisions of law and the Corporate Governance System.*
2. *Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call to meeting if all of the directors are present in person or by proxy and unanimously agree to hold the meeting and to the items of the agenda to be dealt with thereat.*

Article 36. Quorum for the Meeting and Majorities Required to Adopt Resolutions

1. *The establishment of a quorum within the Board of Directors and the adoption of resolutions thereby shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.*
2. *All of the directors may cast their vote and give their proxy in favour of another director, provided, however, that non-executive directors may only do so in favour of another non-executive director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.*
3. *The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.*
4. *Unless higher majorities are provided for by law or the Corporate Governance System, resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting. In the event of a tie, the chairman of the Board of Directors shall have the tie-breaking vote.*
5. *The chairman of the Board of Directors may invite to meetings all those persons who might contribute to improving the information provided to the directors.*

Chapter III. Committees and Positions within the Board of Directors

Article 37. Committees of the Board of Directors

- 1. The Board of Directors must have an Audit and Risk Supervision Committee and an Appointments and Remuneration Committee (or two separate committees, an Appointments Committee and a Remuneration Committee), on a permanent basis.*
- 2. The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Corporate Social Responsibility Committee, and may create any other consultative committees with the powers that the Board of Directors determines, all of a voluntary nature.*
- 3. The committees shall be governed by the provisions of the Corporate Governance System, including the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors.*

Article 38. Executive Committee

- 1. If created, the Executive Committee shall have all the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to law or the Corporate Governance System.*
- 2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, with a minimum of four and a maximum of eight.*
- 3. The appointment of the members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of at least two-thirds of the members thereof. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors with such majority.*
- 4. The chairman of the Board of Directors and the chief executive officers shall in all cases form part of the Executive Committee.*
- 5. The meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, and if none, by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, any of the deputy secretaries or, in the absence of all of them, the*

director that the Executive Committee appoints from among its members in attendance shall serve as secretary.

- 6. Resolutions of the Executive Committee shall be adopted by an absolute majority of votes cast in person or by proxy. In the event of a tie, the chair of the Executive Committee shall have the tie-breaking vote.*

Article 39. Audit and Risk Supervision Committee

- 1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties with information, advisory, and proposal-making powers within its scope of action.*
- 2. The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.*
- 3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.*
- 4. The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments and Remuneration Committee.*

Article 40. Appointments and Remuneration Committee

- 1. The Board of Directors shall create a permanent Appointments and Remuneration Committee (or two separate committees, an Appointments Committee and a Remuneration Committee, in which case reference in these By-Laws to the Appointments and Remuneration Committee shall be deemed made to the corresponding committee), which shall be an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.*
- 2. The Appointments and Remuneration Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors*

upon a proposal of the Appointments and Remuneration Committee, from among the non-executive directors, and the majority thereof must be classified as independent.

3. *The Board of Directors shall appoint a chair of the Appointments and Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Appointments and Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law as well as the power to report on related-party transactions.*

Article 41. Corporate Social Responsibility Committee

1. *If created, the Corporate Social Responsibility Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.*
2. *The Corporate Social Responsibility Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Corporate Social Responsibility Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.*

Article 42. Chairman and Vice-Chair or Vice-Chairs

1. *The Board of Directors, following a report from the Appointments and Remuneration Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.*
2. *The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.*

3. *The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.*
4. *The chairman of the Board of Directors exercises the powers conferred upon him by law and the Corporate Governance System, and particularly the following:*
 - a) *To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.*
 - b) *To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the Corporate Governance System.*
 - c) *To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary, and deputy secretary of the Board of Directors and the committees thereof, without prejudice to the reporting powers belonging to the Appointments and Remuneration Committee.*
 - d) *To ensure, with the collaboration of the secretary, that the directors receive in advance information sufficient to deliberate on the items on the agenda.*
 - e) *To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.*
5. *The Board of Directors, upon a proposal of its chairman and after a report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness, or incapacity. The same procedure shall be followed to decide the removal of a vice-chair.*
6. *If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length of service in office; in case of equal lengths of service, the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the director with the longest length of service in office, and in case of equal lengths, the oldest.*
7. *The vice-chair or the director, if any, that must replace the chairman under the provisions of the preceding section shall lead the process of electing a new chairman in the event of removal, notice of resignation, disability, or death in accordance with the succession plan approved by the Board of Directors.*

Article 43. Chief Executive Officer

1. *The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers (consejeros delegados) with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.*
2. *In the event of vacancy, absence, illness, or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.*

Article 44. Secretary and Deputy Secretary or Deputy Secretaries of the Board of Directors

1. *The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments and Remuneration Committee, shall appoint a secretary, who need not be a director, and, if appropriate, one or more deputy secretaries, who also need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness, or incapacity. The same procedure shall be followed to decide the removal of the secretary and, if applicable, each deputy secretary.*
2. *If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.*
3. *The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Corporate Governance System.*
4. *The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Corporate Governance System.*

Article 45. Checks and Balances System: the Coordinating Director

1. *The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors, nor the Executive*

Committee, nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.

2. *The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.*
3. *The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.*
4. *If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a coordinating director (consejero coordinador), who shall be especially empowered, when the coordinating director deems it appropriate, to:*
 - a) *Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.*
 - b) *Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.*
 - c) *Coordinate, meet with, and reflect the concerns of the non-executive directors.*
 - d) *Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.*
5. *The coordinating director may also maintain contacts with shareholders when so decided by the Board of Directors.*

Chapter IV. Rules Applicable to Directors

Article 46. General Duties of Directors

1. *The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance System with the diligence of a prudent businessperson, taking into account the nature of the office and the duties attributed to each of them. The directors must also carry out their office with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.*
2. *The Regulations of the Board of Directors shall elaborate upon the specific obligations of directors stemming from the duties established by law, and*

particularly those of confidentiality, non-competition, and loyalty, with special focus on conflict of interest situations.

3. *The Company may obtain an insurance policy that covers the civil liability of the directors in the performance of their duties.*

Article 47. Term of Office

1. *The directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.*
2. *The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Corporate Governance System.*
3. *Directors may be re-elected to one or more terms of four years.*

Article 48. Director Remuneration

1. *The Company shall annually allocate as an expense an amount equal to a maximum of two per cent of consolidated group profits obtained during the preceding financial year for the following purposes:*
 - a) *To remunerate the directors, both for their status as such as well as for any executive duties, based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.*
 - b) *To endow a fund to meet the obligations of the Company regarding pensions, the payment of life insurance premiums, and the payment of severance compensation in favour of current and former directors.*
2. *In particular, in their status as such, the directors shall receive remuneration consisting of a fixed annual amount, attendance fees, and appropriate risk coverage benefits (death and disability). In the case of termination prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive a severance payment for non-competition unless their removal is due to a breach of the duties of director attributable thereto or to the sole decision thereof.*
3. *The amount, subject to the maximum limit of two per cent, may only accrue if profits for the preceding financial year are sufficient to cover legal and other mandatory reserves and if there has been an issuance to the shareholders of a dividend of at least four per cent of the share capital charged to the results of such financial year.*

4. *Independently of the provisions of the preceding sections, and subject always to the approval of the shareholders at a General Shareholders' Meeting, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company's shares.*

Article 49. Powers of Information and Inspection

1. *A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.*
2. *The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Corporate Governance System."*

D.- Amendment of the current Titles III and IV, which now become the new Titles IV (Breakthrough of Restrictions in the Event of Takeover Bids) and V (Annual Accounts, Dissolution, and Liquidation), and elimination of the current Title V (Final Provisions).

In order to introduce technical improvements and to simplify the text thereof, it is hereby resolved:

- (a) *to convert the current Title III of the By-Laws into the new Title IV;*
- (b) *to convert the current Title IV of the By-Laws into the new Title V, entitled "Annual Accounts, Dissolution, and Liquidation";*
- (c) *to restate the articles currently making up both titles, which shall hereafter read as reproduced below, and to eliminate the current Title V (Final Provisions):*

"TITLE IV. BREAKTHROUGH OF RESTRICTIONS IN THE EVENT OF TAKEOVER BIDS

Article 50. Removal of Voting Limitations

The prohibition on voting for shareholders affected by conflicts established in article 28 above and the limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 2 to 4 of article 29 above shall be deprived of effect upon the occurrence of the following circumstances:

- a) *when the Company is the target of a takeover bid aimed at the share capital as a whole; and*

- b) *when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to two-thirds of the voting share capital of the Company, provided the full consideration therefor consists only of cash; or, alternatively,*
- c) *when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration therefor consists, in whole or in part, of securities, without giving the recipient an alternative right to receive such consideration wholly in cash.*

Article 51. Effectiveness of the Removal

1. *The removal of the limitations mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin (Boletín de Cotización) of the Bilbao Stock Exchange.*
2. *The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the by-law amendment referred to in section 1 above and to seek registration thereof with the Commercial Registry.*

Article 52. Amendments to Articles in Title IV and Related Provisions

All resolutions intended to eliminate or amend the provisions contained in this Title, in article 28, and in sections 2 to 4 of article 29 above shall require the affirmative vote of three-fourths of the share capital present in person or by proxy at a General Shareholders' Meeting.

TITLE V. ANNUAL ACCOUNTS, DISSOLUTION, AND LIQUIDATION

Chapter I. Annual Accounts

Article 53. Financial Year and Preparation of Annual Accounts

1. *The financial year shall commence on 1 January of each year and shall end on 31 December of each year.*
2. *Within the first three months of the year, the Board of Directors shall prepare the annual accounts, the management report, and the proposed allocation of profits or losses, and the consolidated annual accounts and management report for the previous financial year.*

Article 54. Approval of Accounts and Allocation of Profits/Losses

1. *The annual accounts of the Company and the consolidated annual accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.*

2. *The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual accounts.*
3. *If the shareholders resolve to distribute a dividend, they shall decide the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to the Board of Directors.*
4. *The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.*
5. *The distribution of a dividend to shareholders shall be made in proportion to their paid-up share capital.*

Chapter II. Dissolution and Liquidation of the Company

Article 55. Grounds for Dissolution

The Company shall be dissolved upon the occurrence of any of the events established by law.

Article 56. Liquidation of the Company

1. *From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which shall be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment or, in case of equal length, the director who is younger, shall cease to hold office.*
2. *During the liquidation period, the provisions of these By-Laws governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.*
3. *All liquidating operations shall be carried out with due observance of the provisions of law."*

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Bilbao, 17 February 2015



**ANNEX TO THE REPORT REGARDING THE PROPOSED AMENDMENTS
OF THE COMPANY'S *BY-LAWS* INCLUDED IN ITEM EIGHT**

BY-LAWS	BY-LAWS
TITLE I. THE COMPANY AND ITS SHARE CAPITAL	TITLE I. THE COMPANY AND, ITS SHARE CAPITAL, <u>AND ITS</u> <u>SHAREHOLDERS</u>
Chapter I. General Provisions	Chapter I. General Provisions
Article 1. Company Name and Applicable Rules; Corporate Governance System	Article 1. Company Name and Applicable Rules; Corporate Governance System
1. The name of the company is IBERDROLA, S.A. (the "Company").	1. —The name of the company is IBERDROLA, S.A. (the "Company").
	<u>Article 2. Applicable Legal Provisions and Corporate Governance System</u>
2. The Company shall be governed by the legal provisions relating to companies and other applicable laws and regulations, as well as by its Corporate Governance System.	2. —The Company shall be governed by the legal provisions relating to <u>listed</u> companies and other applicable laws and regulations, as well as by its Corporate Governance System.
	6. <u>The Corporate Governance System is the Company's internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby, and that applies to the entire group of companies controlled by the Company. It is intended to ensure through rule- making the best development of the corporate object of the Company, as an international business entity that operates in quite varied economic, legal, and social contexts, as well as the fulfilment of the corporate interest.</u>



NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

<p>3. The Company's Corporate Governance System is made up of its <i>By-Laws</i>, the <i>Corporate Policies</i>, the internal corporate governance rules, and the other internal codes and procedures approved by the competent decision-making bodies of the Company.</p>	<p>7. The Company's Corporate Governance System is made up of its<u>these</u> <i>By-Laws</i>, the <i>Corporate Policies</i>, the internal corporate governance rules, and<u>which include the Regulations for the General Shareholders' Meeting, the Regulations of the Board of Directors and those of its committees, and of</u> the other internal codes and procedures approved by the competent decision-making bodies of the Company.</p>
	<p><u>8. The shareholders acting at a General Shareholders' Meeting and the Board of Directors, within their respective purview, develop, apply, and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.</u></p>
	<p><u>Article 3. Corporate Interest and Ethical Principles</u></p>
<p>4. The Company shall pursue the achievement of its object, which is understood as the common interest of all shareholders of an independent company (<i>sociedad anónima</i>) and oriented towards the accomplishment of its corporate purpose, in accordance with the provisions of applicable law and its Corporate Governance System.</p>	<p><u>3. 4-The Company shall pursue the achievement of its objectpursues the fulfilment of the corporate interest, which is understood as the common interest of all shareholders of an independent company (sociedad anónima) and oriented towards the accomplishment of its corporate purpose, in accordance with the provisions ofsustainable exploitation of its corporate object and the creation of long-term value for the shareholders' benefit, taking into account other stakeholders related to its business activity and to its institutional reality, and especially the legitimate interests of the various communities and</u></p>

	<u>territories in which the Company acts and those of its employees.</u>
	<u>4.</u> <u>The Company aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System but also to ethical principles and generally accepted principles of social responsibility. The Board of Directors has for such purpose approved a Code of Ethics that includes this commitment under the By-Laws.</u>
Article 2. Object of the Company	Article 2.4. Object of the Company
1. The Company's object is:	<u>3.</u> 1. The Company's object is:
a) To carry out all manner of activities, works, and services inherent in or related to the business of production, transmission, switching, and distribution or supply of electric power or electricity by-products and applications thereof, and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications, and internet-related services; water treatment and distribution; the integral provision of urban and gas supply, as well as other gas storage, regasification, transportation, or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.	<u>a)</u> a) To carry out all manner of activities, works, and services inherent in or related to the business of production, transmission, switching, and distribution or supply of electric power or electricity by-products and applications thereof, and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications, and internet-related services; water treatment and distribution; the integral provision of urban and gas supply, as well as other gas storage, regasification, transportation, or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not

	engage in the supply of gas.
b) The distribution, representation, and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts, and accessories.	<u>b)</u> b) The distribution, representation, and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts, and accessories.
c) The investigation, study, and planning of investment and corporate organisation projects, as well as the promotion, creation, and development of industrial, commercial, or service companies.	<u>c)</u> e) The investigation, study, and planning of investment and corporate organisation projects, as well as the promotion, creation, and development of industrial, commercial, or service companies.
d) The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.	<u>d)</u> e) The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.
2. The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.	<u>4.</u> 2. The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.
Article 3. Duration of the Company	Article 3.5. Duration of the Company
The duration of the Company shall be	The duration of the Company shall be <u>is</u>

indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.	indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.
Article 4. Registered Office and Branches	Article 4.6. Registered Office and Branches
1. The registered office of the Company is in Bilbao, Biscay, at Plaza Euskadi número 5. The Company may establish branches, agencies, local offices, and delegations in Spain and abroad pursuant to applicable legal provisions.	3. The registered office of the Company is in Bilbao, (Biscay), at Plaza Euskadi número 5. The Company may establish branches, agencies, local offices, and delegations in Spain and abroad pursuant to applicable legal provisions.
2. Such registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors, which may also make decisions regarding the creation, elimination, or transfer of the branches, agencies, local offices, and delegations mentioned in the preceding section.	4. Such registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors, which may also make decisions regarding the creation, elimination, or transfer of the branches, agencies, local offices, and delegations mentioned in the preceding section.
	<u>Article 7. The Iberdrola Group</u>
	<u>3.</u> <u>The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).</u>
	<u>4.</u> <u>The corporate and governance structure of the Company is defined based on the following:</u>
	<u>d) The Company has duties relating to the design of the Corporate Governance System and to the establishment, supervision, and implementation of the policies and strategies of the Group, of the basic guidelines</u>

	<u>for the management thereof, and of decisions on matters of strategic importance at the Group level.</u>
	e) <u>The country subholding companies, which are directly or indirectly subordinate to the Company, carry out the function of organisation and strategic coordination in those countries where the Board of Directors of the Company so decides.</u>
	<u>These entities, which group together equity stakes in the business subholding companies in the various countries in which the Group operates, are also responsible for disseminating, implementing, and ensuring compliance with the policies, strategies, and general guidelines of the Group in each of the countries in which it operates, taking into account the characteristics and unique aspects of such countries.</u>
	f) <u>Finally, the business subholding companies of the Group are in charge of the day-to-day administration and effective management of each one of the Group's businesses within a country, as well as the day-to-day control thereof.</u>
	<u>Article 8. Permanent Contact with Shareholders and Transparency</u>

	<u>Permanent contact with its shareholders and ongoing attention to the transparency of corporate information and of relations with its shareholders and with the market generally, in accordance with the provisions of law and the Corporate Governance System, are primary objectives of the Company.</u>
	<u>Article 9. Corporate Website</u>
	<u>3. The Company maintains a corporate website, envisaged as an instrument for channelling its relations with shareholders and investors, which is intended to foster their involvement in corporate life.</u>
	<u>4. Through the corporate website:</u>
	<u>d) shareholders and investors are provided with the documents and information required by law and the Corporate Governance System and other information deemed appropriate, taking into account the provisions of the preceding section;</u>
	<u>e) shareholders are provided with the means to exercise the rights to receive information and to participation in the General Shareholders' Meeting recognised by law and by the Corporate Governance System; and</u>
	<u>f) full or summarised versions of the rules making up the Corporate Governance System are published.</u>
Chapter II. Share Capital and Shares	Chapter II. Share Capital and Shares
Article 5. Share Capital	Article 5.<u>10.</u> Share Capital
The share capital is 4,791,362,250 euros, represented by 6,388,483,000 ordinary shares having a nominal value of 0.75 euro	The share capital is 4,791,362,250 euros, represented by 6,388,483,000 ordinary shares having a nominal value of 0.75

each, belonging to a single class and series, which are fully subscribed and paid-up.	euro each, belonging to a single class and series, which are fully subscribed and paid-up.
Article 6. Representation of the Shares	Article 6. Representation of the 11. The Shares
1. The shares are represented in book-entry form and, as regards their nature as book entries, they shall be governed by the provisions of law.	4. The shares are represented in book-entry form and, as regards their nature as book entries, they shall be governed by the provisions of law.
2. The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.	2.—The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.
3. The Company may at any time access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.	3.—The Company may at any time access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.
4. Modifications to features of shares represented by book entries shall be published in the manner provided by law.	4.—Modifications to features of shares represented by book entries shall be published in the manner provided by law.
Article 7. Unpaid Subscriptions	Article 7. Unpaid Subscriptions
1. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.	<u>5.</u> 1. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.
2. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase, which may provide for cash as well as non-	<u>6.</u> 2. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase, which may provide for cash as well

cash contributions.	as non-cash contributions.
<p>3. A shareholder who is delinquent in the payment of unpaid subscriptions may not exercise the right to vote. The nominal amount of such shareholder's shares shall be deducted from share capital for calculating a quorum. Such shareholder shall also not have the right to receive dividends or the pre-emptive right to subscribe for new shares or convertible debentures.</p>	<p>3. A shareholder who is delinquent in the payment of unpaid subscriptions may not exercise the right to vote. The nominal amount of such shareholder's shares shall be deducted from share capital for calculating a quorum. Such shareholder shall also not have the right to receive dividends or the pre-emptive right to subscribe for new shares or convertible debentures.</p>
<p>Once the amount of the unpaid subscriptions and interest thereon has been paid, the shareholder may make a claim for payment of unexpired dividends, but not pre-emptive rights if the period for the exercise thereof has already lapsed.</p>	<p>Once the amount of the unpaid subscriptions and interest thereon has been paid, the shareholder may make a claim for payment of unexpired dividends, but not pre-emptive rights if the period for the exercise thereof has already lapsed.</p>
<p>Article 8. Shareholder Status</p>	<p>Article 8<u>12</u>. Shareholder Status</p>
<p>1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Company's Corporate Governance System.</p>	<p>3. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Company's Corporate Governance System. <u>In this regard, the Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.</u></p>
<p>2. The shares are indivisible. Co-owners of one or more shares must designate a single person for the exercise of shareholder rights, and shall be jointly and severally liable to the Company for all obligations arising from their status as shareholders.</p>	<p>4. The shares are indivisible. Co-owners of one or more shares must designate a single person for the exercise of shareholder rights, and shall be jointly and severally liable to the Company for all obligations arising from their status as shareholders. <u>The Company may, as legally allowed, access the</u></p>

	<u>information needed to fully identify its shareholders, including addresses and means of contact for communication with them.</u>
3. In the case of beneficially-owned shares (<i>usufructo de acciones</i>), the bare owner shall be qualified as the designated shareholder, with the beneficial owner having the right in all cases to the dividends approved by the Company during the period of beneficial ownership.	3. — In the case of beneficially-owned shares (<i>usufructo de acciones</i>), the bare owner shall be qualified as the designated shareholder, with the beneficial owner having the right in all cases to the dividends approved by the Company during the period of beneficial ownership.
4. In the event of a pledge of shares, the exercise of shareholder rights belongs to the owner thereof.	4. — In the event of a pledge of shares, the exercise of shareholder rights belongs to the owner thereof.
	<u>Chapter III. The Shareholders</u>
	<u>Article 13. Involvement of the Shareholders</u>
	<u>The Company shall foster continuous and appropriate information for its shareholders, permanent contact therewith, and their involvement in corporate life. For this purpose, the Board of Directors shall establish the channels for participation through which the Company will foster their involvement with appropriate guarantees and coordination mechanisms.</u>
	<u>Article 14. The Shareholders and the Corporate Governance System</u>
	<u>3. The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.</u>
5. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply	<u>4.</u> 5. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must

<p>with their duties, acting with loyalty, in good faith, and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Company's Corporate Governance System.</p>	<p>comply with their duties, acting with loyalty, in good faith, and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Company's Corporate Governance System.</p>
<p>6. Ownership of shares entails compliance with the Company's Corporate Governance System and submission to the lawfully-adopted decisions of the decision-making bodies and management of the Company.</p>	<p>6. Ownership of shares entails compliance with the Company's Corporate Governance System and submission to the lawfully-adopted decisions of the decision-making bodies and management of the Company.</p>
<p>Chapter III. Increase and Reduction in Share Capital</p>	<p>Chapter III. Increase and Reduction in Share Capital</p>
<p>Article 9. Increase in Share Capital</p>	<p>Article 9. Increase in Share Capital</p>
<p>1. The share capital may be increased by resolution of the shareholders acting at a General Shareholders' Meeting with the requirements established by law and in accordance with the various methods authorised thereby. The increase may be effected by the issuance of new shares or by an increase in the nominal value of existing shares, and the par of exchange for the increase may consist of cash or non-cash contributions to share capital, including the set-off of loans vis-à-vis the Company or the conversion of reserves into share capital. The increase may be effected in part with a charge against new contributions and in part with a charge against reserves.</p>	<p>1. The share capital may be increased by resolution of the shareholders acting at a General Shareholders' Meeting with the requirements established by law and in accordance with the various methods authorised thereby. The increase may be effected by the issuance of new shares or by an increase in the nominal value of existing shares, and the par of exchange for the increase may consist of cash or non-cash contributions to share capital, including the set-off of loans vis-à-vis the Company or the conversion of reserves into share capital. The increase may be effected in part with a charge against new contributions and in part with a charge against reserves.</p>
<p>2. Unless expressly provided otherwise in the resolution, if the increase in share capital is not fully subscribed</p>	<p>2. Unless expressly provided otherwise in the resolution, if the increase in share capital is not fully subscribed</p>

<p>within the period established for such purpose, the share capital shall be increased by the amount of the subscriptions made.</p>	<p>within the period established for such purpose, the share capital shall be increased by the amount of the subscriptions made.</p>
<p>Article 10. Authorised Share Capital</p>	<p>Article 10. Authorised Share Capital</p>
<p>1. The shareholders acting at a General Shareholders' Meeting may, in accordance with the requirements established for amendment of the <i>By-Laws</i> and within the limits and conditions fixed by law, authorise the Board of Directors, with powers of substitution, if any, to approve an increase in share capital on one or more occasions. When the shareholders delegate this power to the Board of Directors, they may also grant it the power to exclude pre-emptive rights with respect to the issuance of shares subject to the delegation, within the terms and subject to the requirements established by law.</p>	<p>1. The shareholders acting at a General Shareholders' Meeting may, in accordance with the requirements established for amendment of the <i>By-Laws</i> and within the limits and conditions fixed by law, authorise the Board of Directors, with powers of substitution, if any, to approve an increase in share capital on one or more occasions. When the shareholders delegate this power to the Board of Directors, they may also grant it the power to exclude pre-emptive rights with respect to the issuance of shares subject to the delegation, within the terms and subject to the requirements established by law.</p>
<p>2. The shareholders acting at a General Shareholders' Meeting may also delegate to the Board of Directors, with powers of substitution, if any, the power to carry out the previously-adopted resolution to increase the share capital, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. The Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions, the condition of the Company itself, or any particularly relevant fact or circumstance that the Board believes justifies such decision. Such decision</p>	<p>2. The shareholders acting at a General Shareholders' Meeting may also delegate to the Board of Directors, with powers of substitution, if any, the power to carry out the previously adopted resolution to increase the share capital, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. The Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions, the condition of the Company itself, or any particularly relevant fact or circumstance that the Board believes justifies such decision. Such decision shall be reported to the shareholders at the first General Shareholders' Meeting held</p>

<p>shall be reported to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</p>	<p>after the end of the period granted for the use of such delegation.</p>
<p>Article 11. Pre-Emptive Rights, and the Exclusion Thereof</p>	<p>Article 11. Pre-Emptive Rights, and the Exclusion Thereof</p>
<p>1. In the event of increases in share capital involving the issuance of new shares, whether ordinary or preferred, and with a charge to cash contributions, the shareholders of the Company may exercise the right to subscribe for a number of shares proportional to the nominal value of the shares they hold at that time, when permitted by law and within the period granted to them for this purpose by the Board of Directors, which shall not be less than fifteen (15) days from the publication of the announcement of the subscription offer for the new issuance in the Official Bulletin of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>).</p>	<p>1. In the event of increases in share capital involving the issuance of new shares, whether ordinary or preferred, and with a charge to cash contributions, the shareholders of the Company may exercise the right to subscribe for a number of shares proportional to the nominal value of the shares they hold at that time, when permitted by law and within the period granted to them for this purpose by the Board of Directors, which shall not be less than fifteen (15) days from the publication of the announcement of the subscription offer for the new issuance in the Official Bulletin of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>).</p>
<p>2. The shareholders acting at a General Shareholders' Meeting or, if applicable, the Board of Directors, may, in furtherance of the corporate interest, exclude pre-emptive rights in whole or in part in such cases and under such conditions as are provided by law. In particular, the corporate interest may justify the exclusion of pre-emptive rights when needed to facilitate the placement of new shares in markets that will allow access to sources of financing; fundraising by using book-building techniques capable of maximising the issue price per share; the inclusion of certain shareholders; the implementation of remuneration programmes covering directors, officers, or employees; and in general, the performance of any transaction that is</p>	<p>2. The shareholders acting at a General Shareholders' Meeting or, if applicable, the Board of Directors, may, in furtherance of the corporate interest, exclude pre-emptive rights in whole or in part in such cases and under such conditions as are provided by law. In particular, the corporate interest may justify the exclusion of pre-emptive rights when needed to facilitate the placement of new shares in markets that will allow access to sources of financing; fundraising by using book-building techniques capable of maximising the issue price per share; the inclusion of certain shareholders; the implementation of remuneration programmes covering directors, officers, or employees; and in general, the performance of any</p>

advisable for the Company.	transaction that is advisable for the Company.
3. Pre-emptive rights shall not apply when the share capital increase is made with a charge to non-cash contributions or when it is due to the conversion of debentures into shares or the takeover of another company or all or a portion of the split-off assets of another company.	3. — Pre-emptive rights shall not apply when the share capital increase is made with a charge to non-cash contributions or when it is due to the conversion of debentures into shares or the takeover of another company or all or a portion of the split-off assets of another company.
Article 12. Reduction in Share Capital	Article 12. Reduction in Share Capital
1. In accordance with the procedures established by law, a reduction in share capital may be carried out by means of a reduction in the nominal value of shares, a retirement of shares, or a pooling thereof in order to exchange them and, in all cases, the purpose thereof may be to return contributions, cancel unpaid subscriptions, create or increase reserves, re-establish equilibrium between the share capital and the assets of the Company diminished due to losses, or several of such purposes simultaneously.	1. — In accordance with the procedures established by law, a reduction in share capital may be carried out by means of a reduction in the nominal value of shares, a retirement of shares, or a pooling thereof in order to exchange them and, in all cases, the purpose thereof may be to return contributions, cancel unpaid subscriptions, create or increase reserves, re-establish equilibrium between the share capital and the assets of the Company diminished due to losses, or several of such purposes simultaneously.
2. In the event of a reduction in share capital in order to return contributions, payment to the shareholders may be made totally or partially in kind, provided that the conditions set forth in article 61.5 below have been met.	2. — In the event of a reduction in share capital in order to return contributions, payment to the shareholders may be made totally or partially in kind, provided that the conditions set forth in article 61.5 below have been met.
3. In accordance with the provisions of law, the shareholders acting at a General Shareholders' Meeting may resolve to reduce the share capital in order to retire a particular group of shares, provided that such group is defined based on substantive, homogeneous, and non-discriminatory criteria. In such	3. — In accordance with the provisions of law, the shareholders acting at a General Shareholders' Meeting may resolve to reduce the share capital in order to retire a particular group of shares, provided that such group is defined based on substantive, homogeneous, and non-discriminatory criteria. In such event, the measure must

<p>event, the measure must be approved by majority vote of the shareholders pertaining to the affected group as well as by majority vote of the rest of the shareholders remaining with the Company. The amount to be paid by the Company may not be less than the arithmetic mean of the closing prices of the Company's shares on the Continuous Market of the Stock Exchanges during the month prior to the adoption of the resolution reducing the share capital.</p>	<p>be approved by majority vote of the shareholders pertaining to the affected group as well as by majority vote of the rest of the shareholders remaining with the Company. The amount to be paid by the Company may not be less than the arithmetic mean of the closing prices of the Company's shares on the Continuous Market of the Stock Exchanges during the month prior to the adoption of the resolution reducing the share capital.</p>
<p>Chapter IV. Issuance of Debentures and Other Securities</p>	<p>Chapter IV. Issuance of Debentures and Other Securities</p>
<p>Article 13. Issuance of Debentures</p>	<p>Article 13. Issuance of Debentures</p>
<p>1. The shareholders acting at a General Shareholders' Meeting may, as provided by law, delegate to the Board of Directors the power to issue simple or convertible and/or exchangeable debentures. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</p>	<p>1. The shareholders acting at a General Shareholders' Meeting may, as provided by law, delegate to the Board of Directors the power to issue simple or convertible and/or exchangeable debentures. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</p>
<p>2. In addition, the shareholders acting at a General Shareholders' Meeting may authorise the Board of Directors to determine the time at which the approved issuance should take place, as well as to set other conditions not provided for in the shareholders' resolution.</p>	<p>2. In addition, the shareholders acting at a General Shareholders' Meeting may authorise the Board of Directors to determine the time at which the approved issuance should take place, as well as to set other conditions not provided for in the shareholders' resolution.</p>
<p>Article 14. Convertible and/or Exchangeable Debentures</p>	<p>Article 14. Convertible and/or Exchangeable Debentures</p>
<p>1. Convertible and/or exchangeable debentures may be issued with a fixed (determined or determinable) or variable exchange ratio.</p>	<p>1. Convertible and/or exchangeable debentures may be issued with a fixed (determined or determinable) or variable exchange ratio.</p>

<p>2. The resolution authorising issuance shall provide whether the power to convert or exchange belongs to the debenture-holder and/or the Company or, if applicable, whether the conversion or exchange will occur automatically at a particular time.</p>	<p>2. The resolution authorising issuance shall provide whether the power to convert or exchange belongs to the debenture-holder and/or the Company or, if applicable, whether the conversion or exchange will occur automatically at a particular time.</p>
	<p><u>TITLE II. THE GENERAL SHAREHOLDERS' MEETING</u></p>
<p>Article 15. Other Securities</p>	<p>Article 15. Other Securities <u>The General Shareholders' Meeting</u></p>
<p>1. The Company may issue notes, warrants, preferred shares, and other negotiable securities different from the ones provided for in the preceding articles.</p>	<p>1. The Company may issue notes, warrants, preferred shares, and other negotiable securities different from the ones provided for in the preceding articles.</p>
<p>2. The shareholders acting at a General Shareholders' Meeting may delegate to the Board of Directors the power to issue such securities. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</p>	<p>2. The shareholders acting at a General Shareholders' Meeting may delegate to the Board of Directors the power to issue such securities. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</p>
<p>3. The shareholders may also authorise the Board of Directors to determine the time at which the approved issuance should be carried out, as well as to set other terms not provided for in the shareholders' resolution, upon the terms provided by law.</p>	<p>3. The shareholders may also authorise the Board of Directors to determine the time at which the approved issuance should be carried out, as well as to set other terms not provided for in the shareholders' resolution, upon the terms provided by law.</p>
<p>4. The Company may also provide a guarantee of securities issued by its subsidiaries.</p>	<p>4. The Company may also provide a guarantee of securities issued by its subsidiaries.</p>

TITLE II. GOVERNANCE OF THE COMPANY	TITLE II. GOVERNANCE OF THE COMPANY
Chapter I. The General Shareholders' Meeting	Chapter I. The General Shareholders' Meeting
Article 16. The General Shareholders' Meeting	Article 16. The General Shareholders' Meeting
1. The shareholders, meeting at a duly called General Shareholders' Meeting, shall decide, by the majorities required in each case, on the matters within their power, in accordance with law and the Company's Corporate Governance System.	4. The shareholders, meeting at a duly called General Shareholders' Meeting, shall decide, by the majorities required in each case, on the matters within their power, and in accordance with law and the Company's Corporate Governance System, <u>on the matters within their power.</u>
2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.	5. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.
3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i> , the <i>Regulations for the General Shareholders' Meeting</i> , and other applicable provisions of the Corporate Governance System.	6. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i> , the <i>Regulations for the General Shareholders' Meeting</i> , —and other applicable provisions of the Corporate Governance System, <u>and other implementing rules approved by the Board of Directors within the scope of its powers.</u>
	<u>Article 16. Participation of the Shareholders</u>
	<u>The Board of Directors shall adopt appropriate measures to encourage maximum participation of the</u>

	<u>shareholders at the General Shareholders' Meeting, including, if appropriate, the payment of attendance bonuses pursuant to a predefined and public policy.</u>
Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting	Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting
1. The shareholders at a General Shareholders' Meeting shall decide the matters assigned thereto by law or the Corporate Governance System, and particularly regarding the following:	<u>3.</u> 1. —The shareholders <u>acting</u> at a General Shareholders' Meeting shall decide the matters assigned thereto by law or, the Regulations for the General Shareholders' Meeting, or other rules of the Corporate Governance System, and particularly regarding the following:
a) The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.	<u>v)</u> a) —The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.
b) The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.	<u>w)</u> b) —The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
	<u>x)</u> <u>The approval of the director remuneration policy.</u>
	<u>y)</u> <u>The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.</u>
	<u>z)</u> <u>Relieving the directors from the prohibitions arising from</u>

	<u>the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.</u>
c) The appointment, re-election, and removal of the auditor.	<u>aa)</u> e) The appointment, re-election, and removal of the auditor <u>auditors.</u>
d) The amendment of the <i>By-Laws</i> .	<u>bb)</u> d) The amendment of the <u>these</u> <i>By-Laws</i> .
	<u>cc)</u> <u>An increase or reduction in share capital.</u>
e) An increase or reduction in share capital, as well as the delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.	<u>dd)</u> e) An increase or reduction in share capital, as well as <u>The</u> delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.
	<u>ee)</u> <u>The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may</u>

	<u>refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</u>
f) The exclusion or limitation of pre-emptive rights.	<u>ff)</u> f) The exclusion or limitation of pre-emptive rights.
	<u>gg)</u> <u>The authorisation for the derivative acquisition of the Company's own shares.</u>
g) The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.	<u>hh)</u> g) The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.
h) The dissolution of the Company.	<u>ii)</u> h) The dissolution of the Company <u>and the appointment and removal of the liquidators.</u>
i) The approval of the final liquidating balance sheet.	<u>jj)</u> i) The approval of the final liquidating balance sheet.
j) The approval of the establishment of systems for remuneration of the Company's directors and senior officers, consisting of the delivery of shares or of rights therein, or remuneration that takes as its reference the value of the shares.	<u>kk)</u> j) The approval of the establishment of systems for remuneration of the Company's directors and senior officers, consisting of the delivery of shares or of rights therein, or remuneration that takes as its reference the value of the

	shares.
k) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them.	<u>ll)</u> k) The issuance of debentures and other negotiable securities <u>that are convertible into shares or that give the right to subscribe therefor,</u> and the delegation to the Board of Directors of the power to issue them <u>as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.</u>
l) The authorisation for the derivative acquisition of the Company's own shares.	<u>mm)</u> l) The authorisation for the derivative acquisition of the Company's own shares <u>The exercise of derivative liability actions against directors, auditors, and liquidators.</u>
m) The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .	<u>nn)</u> m) ——— The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .
	<u>oo)</u> <u>The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;</u>
	<u>pp)</u> <u>The acquisition, transfer, or contribution of key assets from or to another company.</u>

	<p>qq) <u>The approval of transactions having an effect equivalent to liquidation of the Company.</u></p>
<p>2. In addition, the shareholders acting at a General Shareholders' Meeting shall decide any matter that is submitted to them by the Board of Directors or by the shareholders in the cases provided by law or that falls within their power pursuant to law or the Company's Corporate Governance System.</p>	<p><u>4.</u> 2. In addition, the <u>The</u> shareholders acting at a General Shareholders' Meeting shall <u>also</u> decide <u>on</u> any matter that is submitted to them by the Board of Directors or by the shareholders in the cases provided by law or that falls within their power pursuant to law or the Company's <u>the shareholders submit for their consideration, upon the terms and with the requirements established by law and the</u> Corporate Governance System.</p>
<p>Article 18. Annual and Extraordinary General Shareholders' Meeting</p>	<p>Article 18. Annual and Extraordinary General Shareholders' Meeting</p>
<p>1. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review corporate management, approve the annual accounts for the prior financial year, if appropriate, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matter appears on the agenda of the call to meeting or is legally appropriate and that the General Shareholders' Meeting has been convened with the required share capital in attendance.</p>	<p>1. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review corporate management, approve the annual accounts for the prior financial year, if appropriate, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matter appears on the agenda of the call to meeting or is legally appropriate and that the General Shareholders' Meeting has been convened with the required share capital in attendance.</p>

<p>2. Any General Shareholders' Meeting not provided for in the preceding section shall be deemed an extraordinary General Shareholders' Meeting.</p>	<p>2. Any General Shareholders' Meeting not provided for in the preceding section shall be deemed an extraordinary General Shareholders' Meeting.</p>
<p>Article 19. Call to the General Shareholders' Meeting</p>	<p>Article 19. Call to the General Shareholders' Meeting</p>
<p>1. The General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.</p>	<p>3. The General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.</p>
<p>The announcement of the call to meeting shall be disseminated through the following media, at a minimum:</p>	<p><u>4.</u> The announcement of the call to meeting shall be disseminated through the following media, at a minimum:</p>
<p>a) <u>The Official Bulletin of the Commercial Registry or one of the more widely circulated newspapers in Spain.</u></p>	<p>a) The Official BulletinGazette of the Commercial Registry (<u>Boletín Oficial del Registro Mercantil</u>) or one of the more widely circulated newspapers in Spain.</p>
<p>b) <u>The website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores).</u></p>	<p>b) The website of the National Securities Market Commission (<i>Comisión Nacional del Mercado de Valores</i>).</p>
<p>c) <u>The Company's corporate website.</u></p>	<p>c) The Company's corporate website.</p>
<p>The announcement published on the Company's corporate website shall be accessible on an uninterrupted basis until at least the holding of the General Shareholders' Meeting.</p>	<p>The announcement published on the Company's corporate website shall be accessible on an uninterrupted basis until at least the holding of the General Shareholders' Meeting.</p>
<p>2. The Board of Directors must call a General Shareholders' Meeting in the following events:</p>	<p>2. The Board of Directors must call a General Shareholders' Meeting in the following events:-</p>
<p>a) In the event set forth in article 18.1 above.</p>	<p>a) In the event set forth in article 18.1 above.</p>

<p>b) If the meeting is requested, in the manner provided for by law, by shareholders holding or representing at least five (5%) per cent of the share capital, which request sets forth the matters to be dealt with. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors must include the requested matters in the agenda of the call to meeting.</p>	<p>b) If the meeting is requested, in the manner provided for by law, by shareholders holding or representing at least five (5%) per cent of the share capital, which request sets forth the matters to be dealt with. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors must include the requested matters in the agenda of the call to meeting.</p>
<p>c) When a takeover bid is made for the securities of the Company, in order to report to the shareholders regarding such takeover bid and to deliberate and decide upon the matters submitted for their consideration. Any shareholder or shareholders owning voting shares representing at least one (1%) per cent of share capital shall have the right to request the inclusion of matters in the agenda of the call to the General Shareholders' Meeting that must be called for this purpose.</p>	<p>c) When a takeover bid is made for the securities of the Company, in order to report to the shareholders regarding such takeover bid and to deliberate and decide upon the matters submitted for their consideration. Any shareholder or shareholders owning voting shares representing at least one (1%) per cent of share capital shall have the right to request the inclusion of matters in the agenda of the call to the General Shareholders' Meeting that must be called for this purpose.</p>
<p>3. The announcement of the call to meeting must contain all statements required by law under such circumstance and must set forth the day, place, and time of the meeting upon first call and all matters to be dealt with. The announcement may also, if appropriate, set forth the date on which the General Shareholders' Meeting shall proceed upon second call.</p>	<p>3. The announcement of the call to meeting must contain all statements required by law under such circumstance and must set forth the day, place, and time of the meeting upon first call and all matters to be dealt with. The announcement may also, if appropriate, set forth the date on which the General Shareholders' Meeting shall proceed upon second call.</p>
<p>4. Shareholders representing at least five (5%) per cent of the share capital may request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting,</p>	<p>4. Shareholders representing at least five (5%) per cent of the share capital may request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items</p>

<p>so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution, and submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to meeting of the General Shareholders' Meeting being called.</p>	<p>are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution, and submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to meeting of the General Shareholders' Meeting being called.</p>
<p>5. The shareholder's rights mentioned in the preceding sections 2.b), 2.c), and 4 must be exercised by duly authenticated notice that must be sent to the Company's registered office and which, in the latter two cases, must be received within five (5) days of the publication of the call to meeting. The supplement to the call to meeting mentioned in such sub-sections must be published within the statutorily prescribed deadline.</p>	<p>5. The shareholder's rights mentioned in the preceding sections 2.b), 2.c), and 4 must be exercised by duly authenticated notice that must be sent to the Company's registered office and which, in the latter two cases, must be received within five (5) days of the publication of the call to meeting. The supplement to the call to meeting mentioned in such sub-sections must be published within the statutorily prescribed deadline.</p>
<p>6. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>	<p>6. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>
<p>7. The Board of Directors may require that a notary public attend the General Shareholders' Meeting and prepare the minutes thereof. In any event, the Board of Directors must request the presence of a notary public under the circumstances provided by law.</p>	<p>7. The Board of Directors may require that a notary public attend the General Shareholders' Meeting and prepare the minutes thereof. In any event, the Board of Directors must request the presence of a notary public under the circumstances provided by law.</p>
<p>8. The Board of Directors is authorised to adopt appropriate measures to encourage the participation of the shareholders at the General Shareholders' Meeting, including the payment of attendance fees.</p>	<p>8. The Board of Directors is authorised to adopt appropriate measures to encourage the participation of the shareholders at the General Shareholders' Meeting, including the payment of</p>

	attendance fees.
Article 20. Shareholders' Right to Receive Information	Article 2019. Shareholders' Right to Receive Information
<p>1. From the date of publication of the call to the General Shareholders' Meeting through and including the seventh day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required, or ask written questions that they deem pertinent, regarding the matters contained in the agenda of the call to meeting. In addition, upon the same prior notice and in the same manner, the shareholders may request information or clarifications or ask written questions regarding information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report.</p>	<p>6. From the date of publication of the call to the General Shareholders' Meeting through and including the seventh<u>fifth</u> day prior to the date provided<u>set</u> for the <u>meeting to be held on</u> first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required, or ask <u>the</u> written questions that they deem pertinent<u>relevant</u>, regarding <u>(i)</u> the matters contained in the agenda of for the call to meeting. In addition, upon the same prior notice and in the same manner, the shareholders may request information or clarifications or ask written questions regarding<u>meeting</u>; <u>(ii)</u> information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding<u>(iii)</u> the audit report.</p>
<p>2. During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters contained in the agenda or the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report.</p>	<p>7. During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters contained in the agenda or the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report<u>set forth in</u></p>

	the preceding section.
3. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the period provided by law and the Company's Corporate Governance System, except in cases in which it is improper or untimely, including, specifically, those cases in which, in the opinion of the chairman, publication of the information might prejudice the corporate interest. This last exception shall not apply when the request is supported by shareholders representing at least one-fourth (1/4) of the share capital.	8. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the period provided by law and the Company's Corporate Governance System periods set forth in the law, in these By-Laws, and in the Regulations for the General Shareholders' Meeting , except in cases in which it is improper or untimely, including, specifically, those cases in which, in the opinion of the chairman, unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the corporate interest. This last exception shall not apply when Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least one-fourth (1/4) twenty-five per cent of the share capital.
4. The call to the General Shareholders' Meeting shall set forth the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for approval by the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.	9. The announcement of the call to the General Shareholders' Meeting shall set forth state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval by of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.
5. When the shareholders are to deal	5. — When the shareholders are to deal

<p>with an amendment to the <i>By-Laws</i>, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.</p>	<p>with an amendment to the <i>By-Laws</i>, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.</p>
<p>6. In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.</p>	<p><u>10.</u> 6. In all cases in which the law so requires, such <u>The Company shall make available to its shareholders the information and additional documentation as is mandatory shall be made available to the shareholders required by the provisions of law and the Corporate Governance System.</u></p>
	<p><u>Article 20. Place of the Meeting</u></p>
	<p><u>The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.</u></p>
<p>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</p>	<p>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</p>
<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda of the call to meeting.</p>	<p>5. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda of the call to meeting.</p>
<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds (2/3) of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and</p>	<p>6. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds (2/3) of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and</p>

shareholders representing sixty (60%) per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of this section 2.	shareholders representing sixty (60%) per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of this section 2.
3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.	7. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.
4. If the attendance of shareholders representing a particular percentage of share capital or the consent of specific interested shareholders is required pursuant to applicable legal or by-law provisions in order to validly adopt a resolution regarding one or more items on the agenda of the call to the General Shareholders' Meeting, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders shall limit themselves to deliberating and deciding regarding those items on the agenda that do not require such percentage of share capital or the presence of such shareholders.	8. If the attendance of shareholders representing a particular <u>minimum</u> percentage of share capital or the consent of specific interested shareholders is required pursuant to applicable legal or by law provisions <u>law or the Corporate Governance System</u> in order to validly adopt a resolution regarding one or more items on the agenda of the call to the General Shareholders' Meeting , and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders <u>at the General Shareholders' Meeting</u> shall limit themselves to deliberating and deciding regarding <u>on</u> those items on the agenda that do not require such percentage of share capital or the presence <u>consent</u> of such shareholders.
Article 22. Right to Attend	Article 22. Right to Attend
1. The holders of voting shares may attend the General Shareholders' Meeting and take part in	5. The holders of <u>at least one</u> shares <u>share</u> may attend the General Shareholders' Meeting and take

<p>deliberations thereof, with the right to be heard and to vote.</p>	<p>part in deliberations thereof, with the right to be heard and to vote.</p>
	<p><u>6.</u> <u>The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.</u></p>
<p>2. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five (5) days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by the Company.</p>	<p><u>7.</u> 2.-In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five (5) days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by the Company.</p>
<p>3. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity of the General Shareholders' Meeting.</p>	<p>3. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity of the General Shareholders' Meeting.</p>
<p>4. The chair of the General</p>	<p>8. The chair of the General</p>

<p>Shareholders' Meeting may authorise the attendance thereof of officers, technical personnel, and other persons related to the Company. The chair may also grant access thereto to the media, financial analysts, and to any other person the chair deems appropriate, although the shareholders acting thereat may revoke such authorisation.</p>	<p>Shareholders' Meeting may authorise the attendance thereat of officers, technical personnel<u>employees</u>, and other persons related to the Company. The chair may also grant access thereto to the media, <u>to</u> financial analysts, and to any other person the chair deems appropriate, <u>as well as authorise the simultaneous or delayed broadcast thereof</u>, although the shareholders acting thereat may revoke such authorisation.</p>
<p>Article 23. Right to Proxy Representation</p>	<p>Article 23. Right to Proxy Representation</p>
<p>1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Company's Corporate Governance System.</p>	<p>6. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Company's Corporate Governance System.</p>
<p>2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 28 below for the issuance of absentee votes shall apply to the extent applicable.</p>	<p>7. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 28<u>27</u> below for the issuance<u>casting</u> of absentee votes shall apply to the extent applicable.</p>
<p>3. Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of the Company's Corporate Governance System, without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the</p>	<p>8. Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of <u>law and the</u> Company's Corporate Governance System, without prejudice to the regulations applicable to the relations between financial intermediaries and their customers</p>

<p>rights to grant a proxy and to vote pursuant to law.</p>	<p>for purposes of the exercise of the rights to grant a proxy and to vote pursuant to law.</p>
<p>4. In cases of absence of identification of the proxy-holder, absence of express instructions for the exercise of voting rights, items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of interest affecting the proxy-holder, the rules established in this regard in the Company's Corporate Governance System shall apply.</p>	<p>9. In cases of absence of identification of the proxy-holder, absence of express instructions for the exercise of voting rights, <u>submission of</u> items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of interest affecting the proxy-holder, the rules established in this regard in the Company's Corporate Governance System shall apply.</p>
<p>5. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives, verify the ownership and status of their rights, and recognise the validity of the attendance, proxy, and absentee voting document or media evidencing attendance or representation by proxy.</p>	<p>10. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify <u>from either of them, shall be responsible for verifying</u> the identity of the shareholders and their representatives, verify <u>verifying</u> the ownership and status of their rights, and recognise <u>recognising</u> the validity of the attendance, proxy, and absentee voting document <u>card</u> or media <u>the instrument</u> evidencing attendance or representation by proxy.</p>
<p>6. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>	<p>6. — A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>
<p>Article 24. Place and Time of the</p>	<p>Article 24. Place and Time of <u>Presiding Committee, Chair of, and Secretary for</u></p>

Meeting	the <u>General Shareholders'</u> Meeting
<p>1. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting in any municipality within the Historical Territory of Biscay.</p>	<p>4. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting in any municipality within the Historical Territory of Biscay. <u>Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.</u></p>
<p>2. The General Shareholders' Meeting may be attended by going to the place where the meeting is to be held or, if applicable, to other places provided by the Company and indicated in the call to meeting, and that are connected therewith by any valid systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. The principal place of the meeting must be located in the municipality of the Historical Territory of Biscay indicated in the call to meeting, but supplemental locations need not be so located. For all purposes relating to the General Shareholders' Meeting, attendees at any of the sites shall be deemed attendees at the same individual meeting. The meeting shall be</p>	<p>2. The General Shareholders' Meeting may be attended by going to the place where the meeting is to be held or, if applicable, to other places provided by the Company and indicated in the call to meeting, and that are connected therewith by any valid systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. The principal place of the meeting must be located in the municipality of the Historical Territory of Biscay indicated in the call to meeting, but supplemental locations need not be so located. For all purposes relating to the General Shareholders' Meeting, attendees at any of the sites shall be deemed attendees at the same individual meeting. The meeting shall be deemed to have been held at the</p>

<p>deemed to have been held at the principal location thereof.</p>	<p>principal location thereof.</p>
<p>3. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the Company's registered office.</p>	<p>3. — If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the Company's registered office.</p>
<p>4. The shareholders may, provided that there are good reasons for such purpose, approve a continuation of the meeting for one or more consecutive days at the proposal of the chair of the General Shareholders' Meeting, a majority of the directors attending the meeting, or at the request of a number of shareholders representing at least one fourth (1/4) of the share capital. Regardless of the number of sessions, the General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions. The shareholders may also temporarily suspend the meeting under the circumstances and in the manner set forth in the <i>Regulations for the General Shareholders' Meeting</i>.</p>	<p>4. — The shareholders may, provided that there are good reasons for such purpose, approve a continuation of the meeting for one or more consecutive days at the proposal of the chair of the General Shareholders' Meeting, a majority of the directors attending the meeting, or at the request of a number of shareholders representing at least one fourth (1/4) of the share capital. Regardless of the number of sessions, the General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions. The shareholders may also temporarily suspend the meeting under the circumstances and in the manner set forth in the <i>Regulations for the General Shareholders' Meeting</i>.</p>
<p>Article 25. Chair, Secretary, and Presiding Committee of the General Shareholders' Meeting</p>	<p>Article 25. Chair, Secretary, and Presiding Committee of the General Shareholders' Meeting</p>
<p>1. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article 47.5 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee (<i>Mesa</i>)</p>	<p>1. <u>5.</u> 1.—The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article 47.5<u>42.6</u> below. In the absence of all of the foregoing, the person appointed by the Presiding Committee (<i>Mesa</i>) shall act as chair of the General Shareholders'</p>

<p>shall act as chair of the General Shareholders' Meeting.</p>	<p>Meeting.</p>
<p>2. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article 49.2 below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.</p>	<p><u>6.</u> 2.—The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article 49.2<u>44.2</u> below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.</p>
<p>3. The Presiding Committee shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting, at the chair's request, in carrying out the duties thereof.</p>	<p>3. —The Presiding Committee shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting, at the chair's request, in carrying out the duties thereof.</p>
<p>Article 26. List of Attendees</p>	<p>Article 26.<u>25.</u> List of Attendees</p>
<p>1. Once the Presiding Committee has been formed, and prior to beginning with the agenda of the call to meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of their own or other parties' shares present. At the end of the list, there shall be a determination of the number of shareholders present (including those</p>	<p>3. Once the Presiding Committee has been formed, and prior<u>Prior</u> to beginning with the agenda of<u>for</u> the call to meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of their own or other parties' shares present. At the end of the list, there shall be a determination of the number of shareholders present (including</p>

<p>casting an absentee vote) in person or by proxy at the meeting, as well as the amount of share capital they own, with a specification as to which capital corresponds to shareholders with the right to vote.</p>	<p>those casting an absentee vote) in person or by proxy at the meeting, as well as the amount of share capital they own, with a specification as to which capital corresponds to shareholders with the right to vote. <u>shares they own or represent by proxy.</u></p>
<p>2. Once the list has been prepared, the chair of the General Shareholders' Meeting shall declare whether or not the requirements for the valid formation of a General Shareholders' Meeting have been met. Immediately thereafter, if appropriate, the chair of the General Shareholders' Meeting shall declare the General Shareholders' Meeting to be validly convened. Questions or claims arising with respect to these matters shall be resolved by the chair of the General Shareholders' Meeting.</p>	<p>4. Once the list has been prepared, the chair of the General Shareholders' Meeting shall declare whether or not the requirements for the valid formation of a General Shareholders' Meeting have been met. Immediately thereafter, if appropriate, the chair of the General Shareholders' Meeting shall declare the General Shareholders' Meeting to be validly convened. Questions or claims arising with respect to these matters <u>preparation of the list of attendees and compliance with the requirements for a valid quorum at the General Shareholders' Meeting</u> shall be resolved by the chair of the General Shareholders' Meeting thereof.</p>
<p>3. If the Company requests a notary public to prepare the minutes of the meeting, the notary public shall ask the shareholders and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital present in person or by proxy.</p>	<p>3. If the Company requests a notary public to prepare the minutes of the meeting, the notary public shall ask the shareholders and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital present in person or by proxy.</p>
<p>Article 27. Deliberations and Voting</p>	<p>Article 27-26 26. Deliberations and Voting</p>

<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting such that deliberations are carried out pursuant to the agenda; accept or reject new proposals relating to matters on the agenda; organise and direct the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting; reject proposals made by shareholders during their presentations that are inappropriate; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and the Company's Corporate Governance System; approve the polling and vote counting system; proclaim the results thereof; temporarily suspend the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.</p>	<p>4. The chair of the General Shareholders' Meeting shall: direct the meeting such that deliberations are carried out pursuant to the agenda; accept or reject new proposals<u>proposed resolutions</u> relating to matters on the agenda; organise and direct the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting; reject proposals made by shareholders during their presentations that are inappropriate; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and the Company's Corporate Governance System<u>these By-Laws</u>; approve the polling and vote counting system; proclaim the <u>voting results</u> thereof; temporarily suspend <u>or propose an extension of</u> the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.</p>
<p>2. The chair of the General Shareholders' Meeting may entrust the management of the debate to a director the chair deems appropriate or to the secretary for the General Shareholders' Meeting, who shall</p>	<p>5. The chair of the General Shareholders' Meeting may entrust the management of the debate<u>meeting</u> to a director the chair deems appropriate, or to the secretary for the General</p>

<p>carry out these duties on behalf of the chair, with the chair having the right to retake them at any time. In the event of temporary absence or supervening disability of the chair or of the secretary for the General Shareholders' Meeting, the appropriate persons under sections 1 and 2 of article 25, respectively, shall assume the duties thereof.</p>	<p>Shareholders' Meeting, who shall carry out these duties<u>this duty</u> on behalf of the chair, with the chair having the right to retake them<u>it</u> at any time. In the event of temporary absence or supervening disability<u>incapacity</u> of the chair or <u>of</u> <u>or</u> the secretary for the General Shareholders' Meeting, the appropriate persons under sections +2 and 23 of article 25,24, respectively, shall assume the duties thereof.</p>
<p>3. Resolutions shall be voted by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>	<p>6. Resolutions<u>Proposed resolutions</u> shall be voted <u>upon</u> by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>
<p>Article 28. Absentee Voting. Process of Proxy-Granting and Absentee Voting</p>	<p>Article 28.27. Absentee Voting. Process of Proxy-Granting and Absentee Voting</p>
	<p><u>7.</u> <u>Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.</u></p>
<p>1. Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person voting and the security of the electronic communications are assured. In all such cases, they shall be deemed</p>	<p><u>8.</u> 1. Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person voting and the security of the electronic communications are assured. In all such cases, they<u>Shareholders that</u></p>

<p>present for purposes of the establishment of a quorum at the General Shareholders' Meeting.</p>	<p><u>have cast their absentee vote</u> shall be deemed present for purposes of the establishment of a quorum at<u>for</u> the General Shareholders' Meeting.</p>
<p>2. In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card, duly executed and signed, a validation certificate, or any other document or instrument verifying the absentee vote accepted by the Company.</p>	<p>2. In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card, duly executed and signed, a validation certificate, or any other document or instrument verifying the absentee vote accepted by the Company.</p>
<p>3. Votes by electronic correspondence shall be cast using a recognised electronic signature or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.</p>	<p>3. Votes by electronic correspondence shall be cast using a recognised electronic signature or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.</p>
<p>4. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.</p>	<p><u>9.</u> 4. Votes cast by any of the means set forth in the preceding sections<u>Absentee votes</u> must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.</p>
<p>5. The Board of Directors is authorised to develop the rules, means, and procedures for proxy-granting and absentee voting, including applicable rules on priority and conflict.</p>	<p><u>10.</u> 5.The Board of Directors is authorised to develop the rules, means, and procedures for proxy-granting and absentee voting, including applicable rules on priority and conflict.</p>
<p>Specifically, the Board of Directors may establish rules for the use of guarantees other than electronic signatures for casting electronic votes pursuant to the provisions of section 3 above; reduce the advance period set forth in section 4 above for</p>	<p>Specifically, the Board of Directors may establish rules for the use of guarantees other than electronic signatures for casting electronic votes pursuant to the provisions of section 3 above; reduce the advance period set forth in section 3<u>43</u></p>

<p>receipt by the Company of absentee votes; and allow and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.</p>	<p>above for receipt by the Company of absentee votes; and allow<u>accept</u>, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept₃ any absentee votes received after such period, to the extent allowed<u>permitted</u> by the means available.</p>
<p>The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity of proxies and absentee votes in accordance with the provisions of the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.</p>	<p><u>11.</u> The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity of proxies and<u>from either of them, shall be responsible for verifying and recognising the validity of the</u> absentee votes <u>cast</u> in accordance with the provisions of<u>set forth in</u> the Company's Corporate Governance System and in the rules that<u>established by</u> the Board of Directors may establish in order to further develop such provisions.</p>
<p>6. An absentee vote shall be revoked either by physical attendance of the shareholder at the General Shareholders' Meeting or by express revocation thereof by the same means used to cast such vote, or if the shareholder validly grants a proxy after the date of casting the absentee vote.</p>	<p>6. An absentee vote shall be revoked either by physical attendance of the shareholder at the General Shareholders' Meeting or by express revocation thereof by the same means used to cast such vote, or if the shareholder validly grants a proxy after the date of casting the absentee vote<u>in implementation thereof.</u></p>

<p>7. Remote attendance at the General Shareholders' Meeting by means of data transmission and simultaneously and absentee electronic voting during the course of the General Shareholders' Meeting may be admitted if it is so established in the <i>Regulations for the General Shareholders' Meeting</i>, subject to the requirements set forth therein.</p>	<p><u>12.</u> 7. Remote attendance at the General Shareholders' Meeting by means of data transmission and simultaneously and absentee electronic voting during the course of the General Shareholders' Meeting may be admitted if it is so established in the <i>Regulations for the General Shareholders' Meeting</i>, subject to the requirements set forth therein.</p>
	<p><u>Article 28. Conflicts of Interest</u></p>
	<p><u>4.</u> <u>A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:</u></p>
	<p><u>d) Relieve the shareholder of an obligation or grant the shareholder a right.</u></p>
	<p><u>e) Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.</u></p>
	<p><u>f) Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.</u></p>
	<p><u>5.</u> <u>The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or</u></p>

	<u>companies belonging to their group (in the sense indicated in article 29.3 below), even if these latter companies or entities are not shareholders.</u>
	<u>6. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.</u>
Article 29. Approval of Resolutions	Article 29. Approval of Resolutions
1. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the favourable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. The foregoing does not apply to situations in which the law or these <i>By-Laws</i> require a greater majority. Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.	<u>5. 1. The Except in cases in which the law or these <i>By-Laws</i> require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the favourable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. The foregoing does not apply to situations in which the law or these <i>By-Laws</i> require a greater majority by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.</u> Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.
2. The right to vote may not be assigned, even through the grant of a proxy, in exchange for any kind of consideration or material benefit.	2. The right to vote may not be assigned, even through the grant of a proxy, in exchange for any kind of consideration or material benefit.

<p>3. No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.</p>	<p><u>6.</u> 3. No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.</p>
<p>4. The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.</p>	<p><u>7.</u> 4. The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.</p>
<p>5. Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of resolutions submitted to the</p>	<p><u>8.</u> 5. Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed</p>

shareholders shall be calculated.	for the approval of resolutions submitted to <u>by</u> the shareholders <u>at a General Shareholders' Meeting</u> shall be calculated.
Article 30. Conflicts of Interest	Article 30. Conflicts of Interest
<p>1. Shareholders affected by a conflict of interest, and particularly those participating in a merger or split-off with the Company, or who are called to subscribe for an increase in capital with the exclusion of pre-emptive rights or to acquire by overall assignment all of the Company's assets, or who are affected by resolutions pursuant to which the Company grants them a right, relieves them of an obligation, excuses them, if a director, from the prohibition against competition, or who approve a transaction in which they are interested, and, in general, merely formal and apparent shareholders who lack an actual and effective interest and do not act in a fully transparent manner vis-à-vis the Company, may not exercise their voting rights at the General Shareholders' Meeting, either directly or by proxy, with respect to the matters or proposed resolutions with respect to which the conflict refers.</p>	<p>1. Shareholders affected by a conflict of interest, and particularly those participating in a merger or split-off with the Company, or who are called to subscribe for an increase in capital with the exclusion of pre-emptive rights or to acquire by overall assignment all of the Company's assets, or who are affected by resolutions pursuant to which the Company grants them a right, relieves them of an obligation, excuses them, if a director, from the prohibition against competition, or who approve a transaction in which they are interested, and, in general, merely formal and apparent shareholders who lack an actual and effective interest and do not act in a fully transparent manner vis-à-vis the Company, may not exercise their voting rights at the General Shareholders' Meeting, either directly or by proxy, with respect to the matters or proposed resolutions with respect to which the conflict refers.</p>
<p>2. The provisions of the preceding section shall also apply when the resolutions affect (i) in the case of an individual shareholder, the entities or companies controlled by such individual, and (ii) in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated in article 29.4 above), even when these latter companies or entities are not</p>	<p>2. The provisions of the preceding section shall also apply when the resolutions affect (i) in the case of an individual shareholder, the entities or companies controlled by such individual, and (ii) in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated in article 29.4 above), even when these latter companies or entities</p>

shareholders.	are not shareholders.
3. If the party subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.	3. If the party subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.
Article 31. Documentation of Resolutions	Article 31. Documentation of Resolutions
1. The documentation of shareholder resolutions, the conversion thereof into a public instrument, and the registration thereof with the Commercial Registry shall be carried out pursuant to the provisions of law.	1. The documentation of shareholder resolutions, the conversion thereof into a public instrument, and the registration thereof with the Commercial Registry shall be carried out pursuant to the provisions of law.
2. The total or partial certificates needed to evidence shareholder resolutions shall be issued and signed by the secretary of the Board of Directors, or by one of the deputy secretaries, if any, with the approval of the chairman of the Board of Directors or, if applicable, of one of the vice-chairs thereof.	2. The total or partial certificates needed to evidence shareholder resolutions shall be issued and signed by the secretary of the Board of Directors, or by one of the deputy secretaries, if any, with the approval of the chairman of the Board of Directors or, if applicable, of one of the vice chairs thereof.
	<u>TITLE III. MANAGEMENT OF THE COMPANY</u>
Chapter II. Management of the Company	Chapter H. Management of the Company Section 1.
Section 1. General Provisions	<u>I. General Provisions</u>
Article 32. Structure of the Company's Management	Article 32. Structure <u>30. Management and Representation of the Company's Management</u>
1. Management of the Company is	3. Management of the <u>The</u> Company is

<p>vested in a Board of Directors, its chairman, an executive committee called the Executive Committee (<i>Comisión Ejecutiva Delegada</i>) and, if so resolved by the Board of Directors, a chief executive officer (<i>consejero delegado</i>).</p>	<p>vested in a <u>managed and represented by the</u> Board of Directors, its chairman, <u>and, if applicable and if so approved by the Board of Directors, by</u> an executive committee called the Executive Committee (<i>Comisión Ejecutiva Delegada</i>) and, <u>also</u> if so resolved <u>decided</u> by the Board of Directors, by one or more <u>chief executive officer</u> (consejero delegado) <u>officers (consejeros delegados)</u>.</p>
<p>2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i>, the <i>Regulations of the Board of Directors</i>, and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.</p>	<p>4. Each of these bodies shall have the powers set forth in these <i>By-Laws</i>, the <i>Regulations of the Board of Directors</i>, and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.</p>
<p>Section 2. The Board of Directors</p>	<p>Section 2. <u>Chapter II.</u> The Board of Directors</p>
<p>Article 33. Regulation of the Board of Directors</p>	<p>Article 33. <u>31.</u> Regulation of the Board of Directors</p>
<p>The Board of Directors shall be governed by the provisions set forth in the law, the <i>By-Laws</i>, the <i>Regulations of the Board of Directors</i>, and other applicable provisions of the Company's Corporate Governance System.</p>	<p>The Board of Directors shall be governed by the provisions set forth in the law, the <u>these</u> <i>By-Laws</i>, the <i>Regulations of the Board of Directors</i>, and <u>the</u> other applicable provisions of the Company's Corporate Governance System.</p>
<p>Article 34. Powers of the Board of Directors</p>	<p>Article 34. <u>32.</u> Powers of the Board of Directors</p>
<p>1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or these <i>By-Laws</i> to the shareholders acting at a General Shareholders' Meeting.</p>	<p><u>10.</u> 1. — The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or these By-Laws <u>the Corporate Governance System</u> to the shareholders acting at a General Shareholders' Meeting.</p>

<p>2. Although the Board of Directors has the broadest powers and authority to manage, direct, administer, and represent the Company, as a general rule of good governance, and pursuant to the Company's Corporate Governance System, the Board of Directors shall focus its activities on the supervision and monitoring of the general strategies and guidelines to be followed by the Company and the group of which the Company is the controlling entity, within the meaning established by law (the "Group"), entrusting to the representative management decision-making bodies and to the senior officers the day-to-day management and direction as well as the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.</p>	<p><u>11.</u> 2.—Although the Board of Directors has the broadest powers and authority to manage, direct, administer, and represent the Company, as a general rule of good governance, and pursuant to the Company's Corporate Governance System, the Board of Directors shall focus its activities, <u>pursuant to the Corporate Governance System,</u> on the <u>definition and</u> supervision and monitoring of the general strategies and guidelines to be followed by the Company and the group of which the Company is the controlling entity, within the meaning established by law (the "Group"), entrusting to the representative management decision-making bodies and to the senior officers the day-to-day management and direction as well as the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto. <u>Group, attending to the following matters, among others:</u></p>
	<p><u>d) Establish, within legal limits, the policies, strategies, and guidelines of the Group, entrusting to the decision-making bodies and the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the businesses thereof.</u></p>
	<p><u>e) Supervise the general development of the</u></p>

	<p><u>aforementioned policies, strategies, and guidelines by the country subholding companies and by the business subholding companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging thereto.</u></p>
	<p><u>f) Decide on matters of strategic importance at the Group level.</u></p>
	<p><u>12. The Board of Directors shall generally entrust to its chairman, to the chief executive officers, and to the senior officers the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.</u></p>
<p>3. The Board of Directors shall design, evaluate, and review the Company's Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the <i>Corporate Policies</i>, which further develop the principles reflected in the <i>By-Laws</i> and other documents of the Company's Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders. The <i>Corporate Policies</i> shall group together those relating to corporate governance and regulatory compliance, risks, and social responsibility.</p>	<p><u>13. 3.—The Board of Directors shall design, evaluate, and review the Company's Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the <i>Corporate Policies</i>, which further develop the principles reflected in the<u>these</u> <i>By-Laws</i> and <u>in the</u> other documents<u>provisions</u> of the Company's Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders. The Corporate Policies shall group together those relating to corporate governance and regulatory</u></p>

	compliance, risks, and social responsibility and the activities of the Group.
4. The Board of Directors, within its powers regarding the general duty of supervision, organisation, and strategic coordination of the Group, shall occupy itself with the following matters, among others:	4. The Board of Directors, within its powers regarding the general duty of supervision, organisation, and strategic coordination of the Group, shall occupy itself with the following matters, among others:
a) Determine and coordinate, within legal limits, the general strategies and guidelines for management of the Group, entrusting to the management decision-making bodies and to the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the business subgroups thereof.	a) Determine and coordinate, within legal limits, the general strategies and guidelines for management of the Group, entrusting to the management decision-making bodies and to the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the business subgroups thereof.
b) Supervise the general development of the Group's management strategies and guidelines by the business subholding companies thereof, establishing appropriate mechanisms for the exchange of information in the interest of the Company and of the companies included within the Group.	b) Supervise the general development of the Group's management strategies and guidelines by the business subholding companies thereof, establishing appropriate mechanisms for the exchange of information in the interest of the Company and of the companies included within the Group.
c) Decide on matters of strategic importance at the Group level.	c) Decide on matters of strategic importance at the Group level.
d) Ensure the effective separation within the Group of the regulated activities carried out by the various companies thereof upon the terms required by applicable legal provisions in the markets and regions in which they operate.	d) Ensure the effective separation within the Group of the regulated activities carried out by the various companies thereof upon the terms required by applicable legal provisions in the markets and regions in which they operate.
e) Regulate, analyse, and decide upon possible conflicts of interest, significant transactions, and related-party transactions among the companies of the	e) Regulate, analyse, and decide upon possible conflicts of interest, significant transactions, and related-party transactions among the companies of the

Group and, in particular, regarding those that affect listed subsidiaries.	Group and, in particular, regarding those that affect listed subsidiaries.
f) Approve the creation or acquisition of equity interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the Group.	f) Approve the creation or acquisition of equity interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the Group.
5. In particular, the Board of Directors, acting upon its own initiative or at the proposal of the corresponding internal decision-making body, shall occupy itself with the matters set forth below (as an example only):	5. In particular, the Board of Directors, acting upon its own initiative or at the proposal of the corresponding internal decision-making body, shall occupy itself with the matters set forth below (as an example only):
A. With respect to the General Shareholders' Meeting:	A. With respect to the General Shareholders' Meeting:
a) Call the General Shareholders' Meeting.	a) Call the General Shareholders' Meeting.
b) Propose the amendment of the <i>By-Laws</i> to the shareholders at a General Shareholders' Meeting.	b) Propose the amendment of the <i>By-Laws</i> to the shareholders at a General Shareholders' Meeting.
c) Propose to the shareholders at a General Shareholders' Meeting the amendment of the <i>Regulations for the General Shareholders' Meeting</i> .	c) Propose to the shareholders at a General Shareholders' Meeting the amendment of the <i>Regulations for the General Shareholders' Meeting</i>.

d) Submit to a decision by the shareholders at a General Shareholders' Meeting the transformation of the Company into a holding company, through "subsidiarisation" or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities.	d) Submit to a decision by the shareholders at a General Shareholders' Meeting the transformation of the Company into a holding company, through "subsidiarisation" or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities.
e) Submit to a decision by the shareholders at a General Shareholders' Meeting all transactions for the acquisition or disposition of essential operating assets when they involve an effective change in the object of the company.	e) Submit to a decision by the shareholders at a General Shareholders' Meeting all transactions for the acquisition or disposition of essential operating assets when they involve an effective change in the object of the company.
f) Propose to the shareholders at a General Shareholders' Meeting the approval of transactions having an effect equivalent to liquidation of the Company.	f) Propose to the shareholders at a General Shareholders' Meeting the approval of transactions having an effect equivalent to liquidation of the Company.
g) Carry out the resolutions approved by the shareholders at a General Shareholders' Meeting and perform any duties that the shareholders have entrusted thereto.	g) Carry out the resolutions approved by the shareholders at a General Shareholders' Meeting and perform any duties that the shareholders have entrusted thereto.
B. With respect to the organisation of the Board of Directors and the delegation of powers and the granting of powers of representation:	B. With respect to the organisation of the Board of Directors and the delegation of powers and the granting of powers of representation:
a) Approve and amend the <i>Regulations of the Board of Directors</i> .	a) Approve and amend the <i>Regulations of the Board of Directors</i>.
b) Define the structure of general powers to be granted by the Board of Directors or by the representative management decision-making bodies.	b) Define the structure of general powers to be granted by the Board of Directors or by the representative management decision-making bodies.
C. With respect to information to	C. With respect to information to

be provided by the Company:	be provided by the Company:
a) Manage the provision of information regarding the Company to the shareholders and the markets in general, pursuant to standards of equal treatment, transparency, and truthfulness.	a) Manage the provision of information regarding the Company to the shareholders and the markets in general, pursuant to standards of equal treatment, transparency, and truthfulness.
b) Prepare the Company's annual accounts, management report, and proposal for the allocation of profits or losses, as well as the consolidated accounts and management report and the financial information that the Company must periodically make public due to its status as listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial position, and the profits or losses of the Company in accordance with the provisions of law.	b) Prepare the Company's annual accounts, management report, and proposal for the allocation of profits or losses, as well as the consolidated accounts and management report and the financial information that the Company must periodically make public due to its status as listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial position, and the profits or losses of the Company in accordance with the provisions of law.
c) Approve the Company's Annual Corporate Governance Report, as well as the Annual Sustainability Report, the annual director remuneration report, and any other report that the Board of Directors deems advisable in order to better inform shareholders and investors or that is required by legal provisions applicable at any time.	c) Approve the Company's Annual Corporate Governance Report, as well as the Annual Sustainability Report, the annual director remuneration report, and any other report that the Board of Directors deems advisable in order to better inform shareholders and investors or that is required by legal provisions applicable at any time.
D. With respect to the directors and senior officers:	D. With respect to the directors and senior officers:
a) Designate directors to fill vacancies by interim appointment and propose to the shareholders at a General Shareholders' Meeting the appointment, ratification, re-election, or removal of directors.	a) Designate directors to fill vacancies by interim appointment and propose to the shareholders at a General Shareholders' Meeting the appointment, ratification, re-election, or removal of directors.
b) Designate and renew	b) Designate and renew

<p>internal positions within the Board of Directors and the members of and positions on the committees established within the Board of Directors.</p>	<p>internal positions within the Board of Directors and the members of and positions on the committees established within the Board of Directors.</p>
<p>c) Set, pursuant to the <i>By-Laws</i> and within the limits established therein, the <i>Director Remuneration Policy</i> and the remuneration of directors. In the case of executive directors, the Board of Directors shall establish the additional remuneration to which they are entitled for their executive duties and other basic terms that their contracts must include.</p>	<p>e) Set, pursuant to the <i>By-Laws</i> and within the limits established therein, the <i>Director Remuneration Policy</i> and the remuneration of directors. In the case of executive directors, the Board of Directors shall establish the additional remuneration to which they are entitled for their executive duties and other basic terms that their contracts must include.</p>
<p>d) Approve, upon a proposal of the chairman of the Board of Directors or of the chief executive officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior officers of the Company, as well as set the compensation or indemnification, if any, payable to them in the event of removal.</p>	<p>d) Approve, upon a proposal of the chairman of the Board of Directors or of the chief executive officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior officers of the Company, as well as set the compensation or indemnification, if any, payable to them in the event of removal.</p>
<p>As an exception to the foregoing, based on a proposal made for such purpose by the chairman of the Board of Directors, the Audit and Risk Supervision Committee shall, if applicable, submit to the Board of Directors a proposal supported by the corresponding report regarding the selection, appointment, or removal of the director of the Internal Audit Area.</p>	<p>As an exception to the foregoing, based on a proposal made for such purpose by the chairman of the Board of Directors, the Audit and Risk Supervision Committee shall, if applicable, submit to the Board of Directors a proposal supported by the corresponding report regarding the selection, appointment, or removal of the director of the Internal Audit Area.</p>
<p>Senior officers shall be those who report directly to the Board of Directors, to the chairman thereof, or to the chief executive officer of the Company, and shall in any case include the director of the Internal Audit Area and any other officer given such status by the Board of Directors.</p>	<p>Senior officers shall be those who report directly to the Board of Directors, to the chairman thereof, or to the chief executive officer of the Company, and shall in any case include the director of the Internal Audit Area and any other officer given such status by the Board of Directors.</p>

e) Approve the <i>Senior Officer Remuneration Policy</i> as well as the basic terms of the contracts with senior officers, based for such purpose on a proposal made by the chairman of the Board of Directors or the chief executive officer to the Appointments and Remuneration Committee in order for the latter to prepare a report thereon and submit it to the Board of Directors.	e) Approve the <i>Senior Officer Remuneration Policy</i> as well as the basic terms of the contracts with senior officers, based for such purpose on a proposal made by the chairman of the Board of Directors or the chief executive officer to the Appointments and Remuneration Committee in order for the latter to prepare a report thereon and submit it to the Board of Directors.
f) Regulate, review, and decide upon possible conflicts of interest and related-party transactions between the Company and its directors and senior officers as well as with persons related thereto.	f) Regulate, review, and decide upon possible conflicts of interest and related-party transactions between the Company and its directors and senior officers as well as with persons related thereto.
E. Other powers:	E. Other powers:
a) Prepare the shareholder remuneration policy and submit the corresponding proposed resolutions on the allocation of profits or losses and other modes of shareholder remuneration to the shareholders at the General Shareholders' Meeting, as well as decide upon the payment, if any, of interim dividends.	a) Prepare the shareholder remuneration policy and submit the corresponding proposed resolutions on the allocation of profits or losses and other modes of shareholder remuneration to the shareholders at the General Shareholders' Meeting, as well as decide upon the payment, if any, of interim dividends.
b) Take note of mergers, split-offs, concentrations, or overall assignments of assets and liabilities that affect any of the significant companies of the Group.	b) Take note of mergers, split-offs, concentrations, or overall assignments of assets and liabilities that affect any of the significant companies of the Group.
c) Declare its position regarding all takeover bids for the Company's securities.	c) Declare its position regarding all takeover bids for the Company's securities.
d) Decide on proposals submitted thereto by the Executive Committee, the chairman of the Board of Directors, the chief executive officer, the lead independent director (<i>consejero independiente especialmente facultado</i>),	d) Decide on proposals submitted thereto by the Executive Committee, the chairman of the Board of Directors, the chief executive officer, the lead independent director (<i>consejero independiente especialmente facultado</i>),

and the committees of the Board of Directors.	and the committees of the Board of Directors.
e) Make decisions regarding any other matter within its power that the Board of Directors believes to be in the interest of the Company or that the <i>Regulations of the Board of Directors</i> reserve to the Board as a whole.	e) Make decisions regarding any other matter within its power that the Board of Directors believes to be in the interest of the Company or that the <i>Regulations of the Board of Directors</i> reserve to the Board as a whole.
Article 35. Representation of the Company	Article 35. Representation of the Company
1. Representation of the Company shall be the purview of the Board of Directors, its chairman, the Executive Committee and, if any and if approved by the Board of Directors, a chief executive officer.	1. Representation of the Company shall be the purview of the Board of Directors, its chairman, the Executive Committee and, if any and if approved by the Board of Directors, a chief executive officer.
2. The Board of Directors and the Executive Committee shall act collectively in the exercise of their powers. The chairman and the chief executive officer shall act in their individual capacity.	2. The Board of Directors and the Executive Committee shall act collectively in the exercise of their powers. The chairman and the chief executive officer shall act in their individual capacity.
3. The resolutions of the Board of Directors or the Executive Committee shall be carried out by its chairman, by its secretary, by a director, or by any third party designated in the resolution, acting jointly or individually.	3. The resolutions of the Board of Directors or the Executive Committee shall be carried out by its chairman, by its secretary, by a director, or by any third party designated in the resolution, acting jointly or individually.
Article 36. Composition of the Board of Directors and Appointment of Directors	Article 36³³. Composition of the Board of Directors and Appointment of Directors
	<u>5.</u> <u>The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting,</u>

	<p><u>subject to the provisions of law and the requirements established by the Corporate Governance System.</u></p>
<p>1. The Board of Directors shall be composed of a minimum of nine (9) and a maximum of fourteen (14) directors, who shall be appointed or ratified at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Company's Corporate Governance System. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly, through the filling or non-filling of vacancies or the appointment or non-appointment of new directors within the minimum and maximum numbers mentioned above. The foregoing shall be deemed to be without prejudice to the system of proportional representation to which the shareholders are entitled under the provisions of law.</p>	<p><u>6.</u> 1. The Board of Directors shall be composed of a minimum of nine (9) and a maximum of fourteen (14) directors, who shall be appointed or ratified at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Company's Corporate Governance System. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly, through the filling or non-filling of vacancies or the appointment or non-appointment of new directors within the <u>aforesaid</u> minimum and maximum numbers mentioned above. The foregoing shall be deemed to be without prejudice to the system of proportional representation to which the shareholders are entitled under the provisions of law.</p>
<p>2. The following may not be appointed as directors or individual representatives of a corporate director:</p>	<p><u>7.</u> 2. The following may not be appointed as directors or individual representatives of <u>individuals representing</u> a corporate director:</p>
<p>a) Domestic or foreign companies competing with the Company in the energy or other industries, or the directors or senior officers thereof, or the persons, if any, who are proposed by such companies in their capacity as shareholders.</p>	<p><u>e)</u> a) Domestic or foreign companies competing with the Company in the energy <u>industry</u> or other industries, or the directors or senior officers thereof, or the <u>such</u> persons, if any, who <u>as</u> are proposed by such companies <u>them</u> in their</p>

	capacity as shareholders.
b) Individuals or legal entities holding the position of director in more than three (3) companies with shares trading on domestic or foreign stock exchanges.	<u>f)</u> b) Individuals or legal entities holding the position of director <u>serving as directors</u> in more than three (3) companies with shares trading on domestic or foreign stock exchanges.
c) Persons who, during the two (2) years prior to their appointment, have occupied high-level positions in the government which are incompatible with the simultaneous performance of the duties of a director of a listed company under national or autonomous community legislation, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Company or the Group operates.	<u>g)</u> e) Persons who, during the two (2) years prior to their appointment, have occupied high-level positions in the Spanish <u>Spanish</u> government which <u>administrations that</u> are incompatible with the simultaneous performance of the duties of a director of a listed company under <u>Spanish</u> national or autonomous community legislation <u>law</u> , or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Company or the Group operates.
d) Individuals or legal entities under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.	<u>h)</u> d) Individuals or legal entities <u>that are</u> under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.
3. The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the Company's Corporate Governance System.	<u>8.</u> 3. — The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the Company's Corporate Governance System. <u>Resolutions proposed to</u>

	<u>the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors must be accompanied by a report providing the rationale for the proposal.</u>
Article 37. Types of Directors	Article 37<u>34</u>. Types of Directors
1. The following shall be deemed:	1. The following shall be deemed:
a) Executive directors: those directors who perform senior management duties or are employees of the Company or its Group.	<u>5.</u> a) Executive directors: those <u>Those</u> directors who perform senior management duties or are employees of <u>within</u> the Company or its Group, <u>whatever the legal relationship they maintain, shall be deemed executive directors.</u>
	<u>6.</u> <u>All other directors of the Company, whether proprietary, independent, or other external, shall be deemed non-executive directors:</u>
b) External proprietary directors (representing a major shareholder): those directors: (i) who own a shareholding interest that is greater than or equal to that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, although their shareholding interest does not reach such amount; or (ii) whose appointment has been proposed to the Company by shareholders of the type described in (i) above.	<u>d)</u> b) External proprietary <u>Proprietary</u> directors —(representing—a major—shareholder): those directors: —(i) who own a shareholding interest that is equal to or greater than—or equal to that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, although even if their shareholding interest does not reach such amount; or (ii) whose appointment has been proposed to the Company by, <u>as well as those representing the</u> shareholders of the type described in (i) above. <u>However, if any of such directors at the same</u>

	<u>time performs management duties within the Company or the Group, such director shall be deemed an executive director.</u>
c) External independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company, its significant shareholders, or its officers.	e) e) External-independent <u>Independent</u> directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company <u>or its Group</u> , its significant shareholders, or its officers, <u>or the other directors.</u> <u>Directors who have been independent directors for a continuous period of more than twelve years cannot be deemed to be external independent directors.</u>
d) Other external directors: those directors who are not executive directors and also do not fit the description of a proprietary or independent director.	f) d) Other external directors: those directors who are not non-executive directors and also who do not fit the description of a <u>have the characteristics to be deemed proprietary or independent director</u> directors.
The <i>Regulations of the Board of Directors</i> may further elaborate upon and develop these concepts.	The <i>Regulations of the Board of Directors</i> may further elaborate upon and develop these concepts <u>within the framework established by law.</u>
2. The Board of Directors shall be composed such that the external directors represent a majority over the executive directors. This instruction, as well as those set forth in these <i>By-Laws</i> and in the <i>Regulations of the Board of Directors</i>	<u>7.</u> 2. — The Board of Directors shall be composed such <u>ensure</u> that the external directors represent a majority over the executive <u>of its members are independent</u> directors. This instruction, as well as those set

<p>regarding the composition of the committees of the Board of Directors, shall be mandatory for the Board of Directors, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders, as applicable.</p>	<p>forth in these <i>By-Laws</i> and in the <i>Regulations of the Board of Directors</i> regarding the composition of the committees of the Board of Directors, shall be mandatory for the Board of Directors, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders <u>at a General Shareholders' Meeting</u> and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders, as applicable.</p>
<p>3. A rationale for the status of each director shall be given by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the <i>Annual Corporate Governance Report</i>, after a report from the Appointments and Remuneration Committee.</p>	<p>3. <u>8.</u> 3.—A rationale for the status of each director shall be given by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the Annual Corporate Governance Report, after a report from the Appointments and Remuneration Committee.</p>
<p>Article 38. Designation of Positions</p>	<p>Article 38. Designation of Positions <u>35.</u> <u>Meetings of the Board of Directors</u></p>
<p>1. The Board of Directors shall elect from among its members, after a report from the Appointments and Remuneration Committee, a chairman of the Board of Directors and, if it so decides, one or more vice-chairs of the Board of Directors, at the proposal of the chairman of the Board of Directors. The Board of Directors may also appoint one or more honorary</p>	<p>1. The Board of Directors shall elect from among its members, after a report from the Appointments and Remuneration Committee, a chairman of the Board of Directors and, if it so decides, one or more vice-chairs of the Board of Directors, at the proposal of the chairman of the Board of Directors. The Board of Directors may also appoint one</p>

presidents of the Company.	or more honorary presidents of the Company.
2. If the chairman of the Board of Directors performs executive duties, the Board of Directors shall, upon a proposal of the Appointments and Remuneration Committee, authorise an independent director to:	2. If the chairman of the Board of Directors performs executive duties, the Board of Directors shall, upon a proposal of the Appointments and Remuneration Committee, authorise an independent director to:
a) Request the chairman of the Board of Directors to call a meeting thereof when such director deems it appropriate.	a) Request the chairman of the Board of Directors to call a meeting thereof when such director deems it appropriate.
b) Request the inclusion of matters in the agenda for meetings of the Board of Directors.	b) Request the inclusion of matters in the agenda for meetings of the Board of Directors.
c) Coordinate and reflect the concerns of the external directors.	c) Coordinate and reflect the concerns of the external directors.
d) Lead the evaluation of the chairman of the Board of Directors.	d) Lead the evaluation of the chairman of the Board of Directors.
3. At the proposal of the chairman of the Board of Directors and after a report from the Appointments and Remuneration Committee, the Board of Directors shall appoint a secretary of the Board of Directors and, if applicable, one or more deputy secretaries, who need not be directors. In the absence of the secretary and deputy secretaries of the Board of Directors, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.	3. At the proposal of the chairman of the Board of Directors and after a report from the Appointments and Remuneration Committee, the Board of Directors shall appoint a secretary of the Board of Directors and, if applicable, one or more deputy secretaries, who need not be directors. In the absence of the secretary and deputy secretaries of the Board of Directors, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.
4. The chairman, vice-chairs, and, if applicable, the secretary and deputy secretaries of the Board of Directors who are re-elected by the shareholders as members of the Board of Directors shall continue to perform the duties they previously carried out within the Board of	4. The chairman, vice chairs, and, if applicable, the secretary and deputy secretaries of the Board of Directors who are re-elected by the shareholders as members of the Board of Directors shall continue to perform the duties they previously carried out within the Board of

<p>Directors, without the need for a new election and without prejudice to the Board of Directors' power of revocation with respect to such positions.</p>	<p>Directors, without the need for a new election and without prejudice to the Board of Directors' power of revocation with respect to such positions.</p>
<p>Article 39. Meetings of the Board of Directors</p>	<p>Article 39. Meetings of the Board of Directors</p>
<p>1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for in the <i>Regulations of the Board of Directors</i>. Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting.</p>	<p>3. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for <u>in by law and</u> the <i>Regulations of the Board of Directors</i>. Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting.</p>
<p>2. The call to meeting of the Board of Directors shall be carried out by the secretary of the Board of Directors or the person acting in the secretary's stead, with the authorisation of the chairman, by any means that allows for the receipt thereof. Notice of the call shall be given as much in advance as is necessary for the directors to have access thereto no later than the third day prior to the date of the meeting, except in the case of emergency meetings. Any information deemed necessary shall be sent or made available through the directors' website together with the call to meeting, which shall always include the agenda for the meeting, unless the requirement may be dispensed with upon duly justified grounds.</p>	<p>2. — The call to meeting of the Board of Directors shall be carried out by the secretary of the Board of Directors or the person acting in the secretary's stead, with the authorisation of the chairman, by any means that allows for the receipt thereof. Notice of the call shall be given as much in advance as is necessary for the directors to have access thereto no later than the third day prior to the date of the meeting, except in the case of emergency meetings. Any information deemed necessary shall be sent or made available through the directors' website together with the call to meeting, which shall always include the agenda for the meeting, unless the requirement may be dispensed with upon duly justified grounds. One-third of the directors may also call a meeting, establishing the agenda thereof, in order for the meeting to be held at the place where the registered office is located, if a prior petition has been submitted to the chairman of the Board of Directors and he</p>

	<p>has failed, without well-founded reasons, to call the meeting within one month.<u>be made in accordance with the provisions of law and the Corporate Governance System.</u></p>
<p>One-third of the directors may also call a meeting, establishing the agenda thereof, in order for the meeting to be held at the place where the registered office is located, if a prior petition has been submitted to the chairman of the Board of Directors and he has failed, without well-founded reasons, to call the meeting within one month.</p>	
<p>3. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call if all of the directors present in person or by proxy unanimously agree to hold the meeting and to the items of the agenda to be dealt with.</p>	<p>4. 3.— Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call <u>to meeting</u> if all of the directors <u>are</u> present in person or by proxy <u>and</u> unanimously agree to hold the meeting and to the items of the agenda to be dealt with—</p>
<p>4. Meetings of the Board of Directors may be held in several places connected by a conference system that permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time. Attendees at any of such places shall be deemed to have attended the same meeting for all purposes relating to the Board of Directors. The meeting shall be deemed to have been held where the largest number of directors are located and, if they are in equal numbers, where the chairman of the Board of Directors or whoever chairs the meeting in the absence thereof is</p>	<p>4.— Meetings of the Board of Directors may be held in several places connected by a conference system that permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time. Attendees at any of such places shall be deemed to have attended the same meeting for all purposes relating to the Board of Directors. The meeting shall be deemed to have been held where the largest number of directors are located and, if they are in equal numbers, where the chairman of the Board of Directors or whoever chairs the meeting in the absence thereof is located.—</p>

located.	
<p>5. Voting by the Board of Directors may occur in writing without a meeting provided that no director objects thereto. In this instance, the directors may deliver to the secretary of the Board of Directors, or to the person acting on behalf of the secretary, their votes and the considerations they wish to appear in the minutes, by any means allowing for receipt thereof. Resolutions adopted by this procedure shall be recorded in minutes prepared pursuant to the provisions of law.</p>	<p>5. Voting by the Board of Directors may occur in writing without a meeting provided that no director objects thereto. In this instance, the directors may deliver to the secretary of the Board of Directors, or to the person acting on behalf of the secretary, their votes and the considerations they wish to appear in the minutes, by any means allowing for receipt thereof. Resolutions adopted by this procedure shall be recorded in minutes prepared pursuant to the provisions of law <u>thereat.</u></p>
<p>Article 40. Quorum for the Meeting and Majorities Required to Adopt Resolutions</p>	<p>Article 40.36 Quorum for the Meeting and Majorities Required to Adopt Resolutions</p>
<p>1. The adoption of resolutions of the Board of Directors shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.</p>	<p>6. The <u>establishment of a quorum within the Board of Directors and the</u> adoption of resolutions of the Board of Directors <u>thereby</u> shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.</p>
<p>2. All of the directors may cast their vote and give their proxy in favour of another director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.</p>	<p>7. All of the directors may cast their vote and give their proxy in favour of another director, <u>provided, however, that non-executive directors may only do so in favour of another non-executive director.</u> The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.</p>
<p>3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during</p>	<p>8. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during</p>

its meetings, safeguarding their freedom to make decisions and express their opinion.	its meetings, safeguarding their freedom to make decisions and express their opinion.
4. Resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting, except in the case of a permanent delegation of powers and the appointment of directors to exercise such powers, which shall require the favourable vote of at least two-thirds (2/3) of the directors. The law or the Company's Corporate Governance System may provide for greater majorities. In the event of a tie, the chairman shall have the tie-breaking vote.	9. Resolutions <u>Unless higher majorities are provided for by law or the Corporate Governance System, resolutions</u> shall be adopted by absolute majority of votes cast in person or by proxy at the meeting; except in the case of a permanent delegation of powers and the appointment of directors to exercise such powers, which shall require the favourable vote of at least two-thirds (2/3) of the directors. The law or the Company's Corporate Governance System may provide for greater majorities. In the event of a tie, the chairman <u>of the Board of Directors</u> shall have the tie-breaking vote.
5. The chairman may invite to meetings of the Board of Directors or to the discussion of particular items on the agenda all those persons who might contribute to improving the information provided to the directors.	10. The chairman may invite to meetings of the Board of Directors or to the discussion of particular items on the agenda <u>may invite to meetings</u> all those persons who might contribute to improving the information provided to the directors.
Article 41. Formalisation of Resolutions	Article 41. Formalisation of Resolutions
1. Resolutions shall be recorded in minutes signed by the chairman and the secretary, or by the person acting in their stead.	1. Resolutions shall be recorded in minutes signed by the chairman and the secretary, or by the person acting in their stead.
2. Total or partial certifications that are required to record the resolutions of the Board of Directors shall be issued and signed by the secretary or, if applicable, by one of the	2. Total or partial certifications that are required to record the resolutions of the Board of Directors shall be issued and signed by the secretary or, if applicable, by one of the deputy secretaries of the

deputy secretaries of the Board of Directors with the approval of the chairman or, if applicable, of one of the vice-chairs.	Board of Directors with the approval of the chairman or, if applicable, of one of the vice-chairs.
Section 3. Committees and Positions within the Board of Directors	Section 3. Chapter III. Committees and Positions within the Board of Directors
Article 42. Committees of the Board of Directors	Article 42.37. Committees of the Board of Directors
1. The Board of Directors must create and permanently maintain an Executive Committee.	1.—The Board of Directors must create and permanently maintain an Executive Committee.
2. The Board of Directors must also create an Audit and Risk Supervision Committee, an Appointments and Remuneration Committee, and a Corporate Social Responsibility Committee.	4. <u>2.</u> The Board of Directors must also create The Board of Directors must <u>have</u> an Audit and Risk Supervision Committee, <u>and</u> an Appointments and Remuneration Committee, and a Corporate Social Responsibility Committee (or two separate committees, an Appointments Committee and a Remuneration Committee), on a permanent basis.
3. In addition, the Board of Directors may create other committees or commissions of purely internal scope with such powers as are determined by the Board of Directors.	5. <u>3.</u> In addition, the Board of Directors may create The Board of Directors may also <u>have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Corporate Social Responsibility Committee, and may create any other consultative</u> committees —or commissions of purely internal scope with such the powers as are determined by that the Board of Directors <u>determines, all of a voluntary nature.</u>
4. The committees shall be governed by the provisions of the Company's Corporate Governance System, including, if applicable, specific	6. <u>4.</u> The committees shall be governed by the provisions of the Company's Corporate Governance System, including, if applicable, the

<p>regulations, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors, particularly with respect to the call to meetings, granting of a proxy to another member of the committee in question, establishment of a quorum, meetings without prior notice, proceedings at meetings and rules for adopting resolutions, voting in writing and without a meeting, and approval of the minutes of meetings.</p>	<p>specific regulations <u>thereof</u>, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors, particularly with respect to the call to meetings, granting of a proxy to another member of the committee in question, establishment of a quorum, meetings without prior notice, proceedings at meetings and rules for adopting resolutions, voting in writing and without a meeting, and approval of the minutes of meetings.</p>
<p>Article 43. Executive Committee</p>	<p>Article 43.38 Executive Committee</p>
<p>1. The Board of Directors shall create a permanent Executive Committee with all of the powers inherent to the Board of Directors except for those powers that may not be delegated pursuant to legal or by-law restrictions.</p>	<p>7. The Board of Directors shall create a permanent <u>If created, the</u> Executive Committee with <u>shall have</u> all of the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to legal or by-law restrictions <u>law or the Corporate Governance System</u>.</p>
<p>2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, with a minimum of four (4) and a maximum of eight (8) directors.</p>	<p>8. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, with a minimum of four (4) and a maximum of eight (8) <u>directors.</u></p>
<p>3. The appointment of members of the Executive Committee and the delegation of powers thereto shall be carried out by</p>	<p>9. The appointment of <u>the</u> members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of</p>

<p>the Board of Directors with the favourable vote of two-thirds (2/3) of its members. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors.</p>	<p>Directors with the favourable vote of <u>at least</u> two-thirds (2/3) of its<u>the</u> members <u>thereof</u>. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors <u>with such majority</u>.</p>
<p>4. The chairman of the Board of Directors and the chief executive officer shall in all cases form part of the Executive Committee.</p>	<p>10. The chairman of the Board of Directors and the chief executive officer<u>officers</u> shall in all cases form part of the Executive Committee.</p>
<p>5. The meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, and if none, by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, one of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance, shall serve secretary.</p>	<p>11. The meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, and if none, by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, one<u>any</u> of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance; shall serve <u>as</u> secretary.</p>
<p>6. Resolutions of the Executive Committee shall be adopted by a majority of the directors sitting on the committee who are present at the meeting in person or by proxy. In the event of a tie, the chair shall</p>	<p>12. Resolutions of the Executive Committee shall be adopted by <u>an absolute</u> majority of the directors sitting on the committee who are present at the meeting<u>votes cast</u> in person or by proxy. In the event of a tie, the chair <u>of the Executive</u></p>

<p>have the tie-breaking vote.</p>	<p><u>Committee</u> shall have the tie-breaking vote.</p>
<p>Article 44. Audit and Risk Supervision Committee</p>	<p>Article 44.39. Audit and Risk Supervision Committee</p>
<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.</p>	<p>5. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.</p>
<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, from among the external directors who are not members of the Executive Committee. A majority of such directors shall be independent, and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, auditing, and risk management.</p>	<p>6. The Audit and Risk Supervision Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, from among the external<u>non-executive</u> directors who are not members of the Executive Committee. A majority of such directors shall be independent, and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, auditing, and risk management.</p>
<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four (4) years, after which period the chair may not be re-elected until the</p>	<p>7. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four (4) years, after which period the chair may not</p>

<p>passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>	<p>be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>
<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations and in any event the following:</p>	<p>8. The Audit and Risk Supervision Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations and in any event the following: <u>those established by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments and Remuneration Committee.</u></p>
<p>a) Report to the shareholders at the General Shareholders' Meeting with respect to matters raised therein by the shareholders on matters within its power.</p>	<p>a) Report to the shareholders at the General Shareholders' Meeting with respect to matters raised therein by the shareholders on matters within its power.</p>
<p>b) Monitor the effectiveness of internal control at the Company and within its Group, as well as of their risk management systems.</p>	<p>b) Monitor the effectiveness of internal control at the Company and within its Group, as well as of their risk management systems.</p>
<p>c) Together with the auditors, analyse significant weaknesses in the internal control system detected during the audit.</p>	<p>c) Together with the auditors, analyse significant weaknesses in the internal control system detected during the audit.</p>
<p>d) Supervise the process of preparing and presenting regulated financial information.</p>	<p>d) Supervise the process of preparing and presenting regulated financial information.</p>
<p>e) Propose the appointment, re-election, or replacement of the auditors, in accordance with applicable legal provisions, to the Board of Directors for submission to the shareholders at a General Shareholders' Meeting.</p>	<p>e) Propose the appointment, re-election, or replacement of the auditors, in accordance with applicable legal provisions, to the Board of Directors for submission to the shareholders at a General Shareholders' Meeting.</p>
<p>f) Supervise the activities of the Internal Audit Area, which shall be</p>	<p>f) Supervise the activities of the Internal Audit Area, which shall be</p>

functionally controlled by the Audit and Risk Supervision Committee.	functionally controlled by the Audit and Risk Supervision Committee.
g) Establish appropriate relations with the auditors to receive information regarding matters that might risk the independence thereof, for examination by the Audit and Risk Supervision Committee, and any other information related to the development of the audit procedure as well as such other communications as are provided for in laws on auditing of accounts and in other legal provisions on auditing. In any event, it must receive written confirmation from the auditors on an annual basis of their independence vis-à-vis the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto pursuant to the laws on the auditing of accounts.	g) Establish appropriate relations with the auditors to receive information regarding matters that might risk the independence thereof, for examination by the Audit and Risk Supervision Committee, and any other information related to the development of the audit procedure as well as such other communications as are provided for in laws on auditing of accounts and in other legal provisions on auditing. In any event, it must receive written confirmation from the auditors on an annual basis of their independence vis-à-vis the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto pursuant to the laws on the auditing of accounts.
h) On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report must in any case pass upon the provision of the additional services referred to in the preceding section.	h) On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report must in any case pass upon the provision of the additional services referred to in the preceding section.
Article 45. Appointments and Remuneration Committee	Article 45.40. Appointments and Remuneration Committee
1. The Board of Directors shall create a permanent Appointments and Remuneration Committee, an internal informational and consultative body without executive duties with information, advisory, and proposal-making powers within its scope of action.	5. The Board of Directors shall create a permanent Appointments and Remuneration Committee; <u>(or two separate committees, an Appointments Committee and a Remuneration Committee, in which case reference in these By-Laws to the Appointments and Remuneration Committee shall be</u>

	<p><u>deemed made to the corresponding committee), which shall be</u> an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.</p>
<p>2. The Appointments and Remuneration Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors from among the external directors, and the majority thereof must be classified as independent.</p>	<p>6. The Appointments and Remuneration Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors <u>upon a proposal of the Appointments and Remuneration Committee,</u> from among the external<u>non-executive</u> directors, and the majority thereof must be classified as independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Appointments and Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.</p>	<p>7. The Board of Directors shall appoint a chair of the Appointments and Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.</p>
<p>4. The Appointments and Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>	<p>8. The Appointments and Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations <u>and in any event those established by law as well as the power to report on related-party transactions.</u></p>
<p>Article 46. Corporate Social Responsibility Committee</p>	<p>Article 46.41. Corporate Social Responsibility Committee</p>
<p>1. The Board of Directors shall create a permanent Corporate Social Responsibility Committee, an internal informational and consultative body without executive</p>	<p>5. The Board of Directors shall create a permanent<u>If created, the</u> Corporate Social Responsibility Committee, <u>shall be deemed</u> an internal informational and</p>

<p>duties, with information, advisory, and proposal-making powers within its scope of action.</p>	<p>consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.</p>
<p>2. The Corporate Social Responsibility Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the external directors, and the majority thereof must be classified as independent.</p>	<p>6. The Corporate Social Responsibility Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the external<u>non-executive</u> directors, and the majority thereof must be classified as independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the directors forming part thereof, as well as its secretary, who need not be a director.</p>	<p>7. The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the <u>independent</u> directors forming part thereof, as well as its secretary, who need not be a director.</p>
<p>4. The Corporate Social Responsibility Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>	<p>8. The Corporate Social Responsibility Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>
<p>Article 47. Chairman and Vice-Chair or Vice-Chairs</p>	<p>Article 47.42. Chairman and Vice-Chair or Vice-Chairs</p>
	<p>8. <u>The Board of Directors, following a report from the Appointments and Remuneration Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.</u></p>
<p>1. The chairman of the Board of Directors shall have the status of president of the Company and of</p>	<p><u>9.</u> <u>The</u> chairman of the Board of Directors shall have the status of president of the Company and of</p>

<p>chair of all of the decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.</p>	<p>chair of all of the <u>corporate</u> decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.</p>
<p>2. The chairman of the Board of Directors undertakes the senior management and representation of the Company and leads the Board of Directors. He exercises the following powers in addition to the powers conferred by law and the Company's Corporate Governance System:</p>	<p><u>10.</u> 2.—The chairman of the Board of Directors undertakes the senior management and representation of the Company and leads, as well as leadership of the Board of Directors. He exercises the following powers in addition to the powers conferred by law and the Company's Corporate Governance System:-</p>
	<p><u>11.</u> <u>The chairman of the Board of Directors exercises the powers conferred upon him by law and the Corporate Governance System, and particularly the following:</u></p>
<p>a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for meetings and directing discussion and debate.</p>	<p><u>f)</u> a)—To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for <u>the</u> meetings and directing <u>the</u> discussion and debate.</p>
<p>b) To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the Company's Corporate Governance System.</p>	<p><u>g)</u> b)—To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the Company's Corporate Governance System.</p>
<p>c) To bring to the Board of</p>	<p><u>h)</u> e)—To bring to the Board of</p>

<p>Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other corporate decision-making bodies, as well as to propose the persons, if any, who will hold the positions of vice-chair or vice-chairs, chief executive officer, and secretary and, if applicable, the deputy secretary or deputy secretaries of the Board and of the committees of the Board of Directors.</p>	<p>Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other corporate<u>governance</u> decision-making bodies, as well as to propose the persons, if any, who will hold the positions of office as vice-chair or vice-chairs, chief executive officer, <u>secretary</u>, and <u>deputy</u> secretary and, if applicable, the deputy secretary or deputy secretaries of the Board <u>of Directors</u> and of the committees of the Board of Directors thereof, <u>without prejudice to the reporting powers belonging to the Appointments and Remuneration Committee.</u></p>
<p>3. The Board of Directors may appoint one or more honorary presidents of the Company.</p>	<p>3.—The Board of Directors may appoint one or more honorary presidents of the Company.</p>
	<p>i) <u>To ensure, with the collaboration of the secretary, that the directors receive in advance information sufficient to deliberate on the items on the agenda.</u></p>
	<p>j) <u>To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.</u></p>
<p>4. The Board of Directors, upon a proposal of its chairman and after a</p>	<p><u>12.</u> 4—The Board of Directors, upon a proposal of its chairman and after a</p>

<p>report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness, or disability.</p>	<p>report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness, or disability<u>incapacity</u>. <u>The same procedure shall be followed to decide the removal of a vice-chair.</u></p>
<p>5. If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length in office; if equal lengths of service, the oldest; and if there is no vice-chair, the director with the longest length of office, and in case of equal lengths, the oldest.</p>	<p><u>13.</u> 5. If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length <u>of service</u> in office; if in case of equal lengths of service, the oldest; and if there is no. <u>If a vice-chair, has not been appointed, the chairman shall be replaced by</u> the director with the longest length of <u>service in</u> office, and in case of equal lengths, the oldest.</p>
	<p><u>14.</u> <u>The vice-chair or the director, if any, that must replace the chairman under the provisions of the preceding section shall lead the process of electing a new chairman in the event of removal, notice of resignation, disability, or death in accordance with the succession plan approved by the Board of Directors.</u></p>
<p>Article 48. Chief Executive Officer</p>	<p>Article 48.<u>43.</u> Chief Executive Officer</p>
<p>1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable vote of at least</p>	<p>3. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable</p>

<p>two-thirds (2/3) of the directors, may appoint a chief executive officer with the powers it deems appropriate and which may be delegated pursuant to legal and by-law provisions.</p>	<p>vote of at least two-thirds (2/3) of the directors, may appoint a one or more chief executive officer<u>officers</u> (<u>consejeros delegados</u>) with the powers it deems appropriate and which may be delegated pursuant to legal and by-law provisions. <u>law and the Corporate Governance System.</u></p>
<p>2. The chief executive officer, as well as the chairman of the Board of Directors, shall exercise the power to represent the Company.</p>	<p>2. — The chief executive officer, as well as the chairman of the Board of Directors, shall exercise the power to represent the Company.</p>
<p>3. In the event of vacancy, absence, illness, or disability of the chief executive officer, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of a new chief executive officer.</p>	<p><u>4.</u> 3. In the event of vacancy, absence, illness, or disability<u>incapacity of all</u> of the chief executive officer<u>officers</u>, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors <u>or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article</u>, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of a one or more new chief executive officer.<u>officers.</u></p>
<p>Article 49. Secretary and Deputy Secretary or Deputy Secretaries; Counsel to the Board of Directors</p>	<p>Article 49.<u>44.</u> Secretary and Deputy Secretary or Deputy Secretaries; Counsel to <u>of</u> the Board of Directors</p>
<p>1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments and Remuneration Committee, shall appoint a secretary and, if appropriate, one or more deputy secretaries, who need not be directors, and who shall replace the secretary in the event of vacancy,</p>	<p>5. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments and Remuneration Committee, shall appoint a secretary, <u>who need not be a director</u>, and, if appropriate, one or more deputy secretaries, who <u>also</u> need not be directors, and who shall</p>

<p>absence, illness, or disability. The same procedure shall be followed to decide the removal of the secretary and, if appropriate, each deputy secretary.</p>	<p>replace the secretary in the event of vacancy, absence, illness, or disability<u>incapacity</u>. The same procedure shall be followed to decide the removal of the secretary and, if appropriate<u>applicable</u>, each deputy secretary.</p>
<p>2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.</p>	<p>6. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.</p>
<p>3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Company's Corporate Governance System. In particular, the secretary shall ensure the formal and substantive legality of the activities of the collective decision-making bodies, as well as advise the Board of Directors regarding the ongoing assessment and update of the Company's Corporate Governance System.</p>	<p>7. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Company's Corporate Governance System. In particular, the secretary shall ensure the formal and substantive legality of the activities of the collective decision-making bodies, as well as advise the Board of Directors regarding the ongoing assessment and update of the Company's Corporate Governance System.</p>
<p>4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Company's Corporate Governance System.</p>	<p>8. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Company's Corporate Governance System.</p>

	<u>Article 45. Checks and Balances System: the Coordinating Director</u>
	<u>6. The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors, nor the Executive Committee, nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.</u>
	<u>7. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.</u>
	<u>8. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.</u>
	<u>9. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a coordinating director (<i>consejero coordinador</i>), who shall be especially empowered, when the coordinating director deems it appropriate, to:</u>
	<u>e) Ask the chairman of the Board of Directors to call a meeting thereof and to</u>

	<u>participate with the chairman in the planning of the annual schedule of meetings.</u>
	<u>f) Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.</u>
	<u>g) Coordinate, meet with, and reflect the concerns of the non-executive directors.</u>
	<u>h) Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.</u>
5. The Board of Directors shall appoint a counsel to the Board of Directors, who shall have the duties given thereto by applicable law. Such position may be held by the secretary, or the deputy secretary, if any, or one of the deputy secretaries if several, if they are attorneys and comply with the other requirements of applicable law and it is so decided by the Board of Directors.	10. The Board of Directors shall appoint a counsel to the Board of Directors, who shall have the duties given thereto by applicable law. Such position may be held by the secretary, or the deputy secretary, if any, or one of the deputy secretaries if several, if they are attorneys and comply with the other requirements of applicable law and it <u>is</u> <u>coordinating director may also maintain contacts with shareholders when</u> so decided by the Board of Directors.
Section 4. Rules Applicable to Directors	Section 4. <u>Chapter IV.</u> Rules Applicable to Directors
Article 50. General Duties of Directors	Article 50.<u>46.</u> General Duties of Directors

<p>1. In the performance of the duties entrusted thereto, a director shall act in good faith and with the diligence of a prudent businessperson and a faithful representative, and shall comply with the duties prescribed by law and the Company's Corporate Governance System, acting in furtherance of the corporate interest.</p>	<p>4. In the performance of the duties entrusted thereto, a director shall act in good faith and <u>The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance System</u> with the diligence of a prudent businessperson and, <u>taking into account the nature of the office and the duties attributed to each of them.</u> The directors must also carry out their office with the loyalty of a faithful representative, and shall comply with the duties prescribed by law and the Company's Corporate Governance System, <u>acting in good faith and in the</u> corporate <u>best interest of the Company.</u></p>
<p>2. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties of confidentiality, non-competition, and faithfulness, with special focus on conflict of interest situations.</p>	<p>5. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties <u>established by law, and particularly those</u> of confidentiality, non-competition, and faithfulness <u>loyalty</u>, with special focus on conflict of interest situations.</p>
<p>3. The Company may obtain civil liability insurance for the directors.</p>	<p>6. The Company may obtain <u>an insurance policy that covers the</u> civil liability insurance for <u>of</u> the directors <u>in the performance of their duties.</u></p>
<p>Article 51. Terms of Office and Filling of Vacancies</p>	<p>Article 51. Terms <u>47. Term</u> of Office and Filling of Vacancies</p>
<p>1. The directors shall serve in their position for a term of four (4) years, so long as the shareholders acting at the General Shareholders' Meeting do not resolve to remove them and</p>	<p>4. The directors shall serve in their position for a term of four (4)-years, so long as the shareholders acting at the <u>a</u> General Shareholders' Meeting do not resolve to remove them and</p>

they do not resign from their position.	they do not resign from their position.
2. The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Company's Corporate Governance System.	5. The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Company's Corporate Governance System.
3. Directors may be re-elected to one or more terms of four (4) years.	6. Directors may be re-elected to one or more terms of four (4) years.
4. Vacancies that occur may, pursuant to law, be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting, whereat the shareholders shall confirm the appointments or elect the persons who should replace directors who are not ratified, or it shall withdraw the vacant positions.	4. Vacancies that occur may, pursuant to law, be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting, whereat the shareholders shall confirm the appointments or elect the persons who should replace directors who are not ratified, or it shall withdraw the vacant positions.
Article 52. Director Remuneration	Article 52.48 Director Remuneration
1. The Company shall allocate as an expense an amount equal to a maximum of two (2%) per cent of consolidated group profits obtained during the financial year for the following purposes:	<u>1.</u> 1. The Company shall <u>annually</u> allocate as an expense an amount equal to a maximum of two (2%) per cent of consolidated group profits obtained during the <u>preceding</u> financial year for the following purposes:
a) To remunerate the directors based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.	a) To remunerate the directors, <u>both for their status as such as well as for any executive duties</u> , based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.
b) To endow a fund to meet the	b) To endow a fund to meet the

<p>obligations of the Company regarding pensions, the payment of life insurance premiums, and the payment of indemnification in favour of current and former directors.</p>	<p>obligations of the Company regarding pensions, the payment of life insurance premiums, and the payment of indemnification<u>severance compensation</u> in favour of current and former directors.</p>
	<p><u>2.</u> <u>In particular, in their status as such, the directors shall receive remuneration consisting of a fixed annual amount, attendance fees, and appropriate risk coverage benefits (death and disability). In the case of termination prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive a severance payment for non-competition unless their removal is due to a breach of the duties of director attributable thereto or to the sole decision thereof.</u></p>
<p>The allocation of the maximum limit of two (2%) per cent shall only occur if profits for the financial year are sufficient to cover legal and other mandatory reserves and the issuance to the shareholders of a dividend of at least four (4%) per cent of the share capital.</p>	<p><u>3.</u> The allocation of<u>amount, subject to</u> the maximum limit of two (2%) per cent shall, may only occur<u>accrue</u> if profits for the <u>preceding</u> financial year are sufficient to cover legal and other mandatory reserves and the<u>if there has been an</u> issuance to the shareholders of a dividend of at least four (4%) per cent of the share capital <u>charged to the results of such financial year.</u></p>
<p>2. Independently of the provisions of the preceding section, and subject always to the approval of the shareholders, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company's shares.</p>	<p><u>4.</u> 2. —Independently of the provisions of the preceding section<u>sections</u>, and subject always to the approval of the shareholders <u>at a General Shareholders' Meeting</u>, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the</p>

	Company's shares.
3. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties, and indemnification to which the director may be entitled by reason of other employment or professional relationships, if any, that such director may have with the Company. The fixed and variable remuneration and the indemnification arising from the corresponding contracts shall be included in and paid with a charge to the by-law allocation accorded to the Board of Directors in the preceding section 1.	3. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties, and indemnification to which the director may be entitled by reason of other employment or professional relationships, if any, that such director may have with the Company. The fixed and variable remuneration and the indemnification arising from the corresponding contracts shall be included in and paid with a charge to the by-law allocation accorded to the Board of Directors in the preceding section 1.
Article 53. Powers of Information and Inspection	Article 53.49. Powers of Information and Inspection
1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.	3. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.
2. The exercise of the aforementioned powers shall first be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Company's Corporate Governance System.	4. The exercise of the aforementioned powers shall first be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Company's Corporate Governance System.
Section 5. Annual Corporate Governance Report and Corporate Website	Section 5. Annual Corporate Governance Report and Corporate Website
Article 54. Annual Corporate Governance Report	Article 54. Annual Corporate Governance Report

	<i>Governance Report</i>
1. The Board of Directors shall, on an annual basis and following a report from the Corporate Social Responsibility Committee, approve an <i>Annual Corporate Governance Report</i> for the Company that shall include all specifications established by law and any other specifications that the Board of Directors deems appropriate to include therein.	1.—The Board of Directors shall, on an annual basis and following a report from the Corporate Social Responsibility Committee, approve an <i>Annual Corporate Governance Report</i> for the Company that shall include all specifications established by law and any other specifications that the Board of Directors deems appropriate to include therein.
2. The <i>Annual Corporate Governance Report</i> shall be included in a separate section within the management report, and shall therefore be approved simultaneously therewith and shall be made available to the shareholders together with other documents relating to the General Shareholders' Meeting.	2.—The <i>Annual Corporate Governance Report</i> shall be included in a separate section within the management report, and shall therefore be approved simultaneously therewith and shall be made available to the shareholders together with other documents relating to the General Shareholders' Meeting.
3. In addition, public notice shall be given of the <i>Annual Corporate Governance Report</i> as provided in securities market rules and regulations.	3.—In addition, public notice shall be given of the <i>Annual Corporate Governance Report</i> as provided in securities market rules and regulations.
Article 55. Corporate Website	Article 55. Corporate Website
The Company shall maintain a corporate website to accommodate the exercise by the shareholders of the right to receive information and to disseminate all relevant information required by securities market laws, which shall include the documents and information provided for by law and the Company's Corporate Governance System and any other information that it is deemed appropriate to make available to the shareholders and investors through this medium.	The Company shall maintain a corporate website to accommodate the exercise by the shareholders of the right to receive information and to disseminate all relevant information required by securities market laws, which shall include the documents and information provided for by law and the Company's Corporate Governance System and any other information that it is deemed appropriate to make available to the shareholders and investors through this medium.

<p style="text-align: center;">TITLE III. NEUTRALISATION OF LIMITATIONS IN THE EVENT OF TAKEOVER BIDS</p>	<p style="text-align: center;">TITLE III. NEUTRALISATION OF LIMITATIONS <u>IV. BREAKTHROUGH OF RESTRICTIONS</u> IN THE EVENT OF TAKEOVER BIDS</p>
<p>Article 56. Removal of Voting Limitations</p>	<p>Article 56.50. <u>50.</u> Removal of Voting Limitations</p>
<p>The limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 3 to 5 of article 29 above and the voting prohibition of article 30 above which is imposed upon shareholders affected by conflicts of interest shall have no effect upon the occurrence of the following circumstances:</p>	<p>The <u>prohibition on voting for shareholders affected by conflicts established in article 28 above and the</u> limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 32 <u>to 54</u> of article 29 above and the voting prohibition of article 30 above which is imposed upon shareholders affected by conflicts of interest shall have no <u>shall be deprived of</u> effect upon the occurrence of the following circumstances:</p>
<p>a) When the Company is the target of a takeover bid aimed at the share capital as a whole; and</p>	<p><u>d)</u> a) — When <u>when</u> the Company is the target of a takeover bid aimed at the share capital as a whole; and</p>
<p>b) When, as a result of the takeover bid, an individual or a legal entity, or several of them acting jointly, acquire an interest equal to two-thirds (2/3) of the voting share capital of the Company, provided the full consideration thereof consists only of cash; or, alternatively,</p>	<p><u>e)</u> b) — When <u>when</u>, as a result of the takeover bid, an individual or a legal entity, or several of them acting <u>jointly in concert</u>, acquire an interest equal to two-thirds (2/3) of the voting share capital of the Company, provided the full consideration thereof <u>therefor</u> consists only of cash; or, alternatively,</p>
<p>c) When, as a result of the takeover bid, an individual or a legal entity, or several of them acting jointly, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration thereof consists, in whole or in part, of securities, without giving the recipient an alternative right to receive</p>	<p><u>f)</u> e) — When <u>when</u>, as a result of the takeover bid, an individual or a legal entity, or several of them acting <u>jointly in concert</u>, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration thereof <u>therefor</u></p>

such consideration wholly in cash.	consists, in whole or in part, of securities, without giving the recipient an alternative right to receive such consideration wholly in cash.
Article 57. Effectiveness of the Removal	Article 57<u>51</u>. Effectiveness of the Removal
1. The removal of the limitation mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin (<i>Boletín de Cotización</i>) of the Bilbao Stock Exchange.	3. The removal of the limitation <u>limitations</u> mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin (<i>Boletín de Cotización</i>) of the Bilbao Stock Exchange.
2. The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the by-law amendment referred to in section 1 above and to seek registration thereof with the Commercial Registry.	4. The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the by-law amendment referred to in section 1 above and to seek registration thereof with the Commercial Registry.
Article 58. Amendments to Articles in Title III and Related Provisions	Article 58<u>52</u>. Amendments to Articles in Title III<u>IV</u> and Related Provisions
All resolutions intended to eliminate or amend the provisions contained in this title, in sections 3 to 5 of article 29, and in article 30 above shall require the affirmative vote of three-fourths (3/4) of the share capital present in person or by proxy at a General Shareholders' Meeting.	All resolutions intended to eliminate or amend the provisions contained in this title <u>Title</u> , in <u>article 28, and in</u> sections 32 <u>32</u> to 54 <u>54</u> of article 29, and in article 30 <u>29</u> above shall require the affirmative vote of three-fourths (3/4) of the share capital present in person or by proxy at a General Shareholders' Meeting.
TITLE IV. ANNUAL ACCOUNTS, DISTRIBUTION OF PROFITS, DISSOLUTION, AND LIQUIDATION	TITLE IV<u>V</u>. ANNUAL ACCOUNTS, DISTRIBUTION OF PROFITS, DISSOLUTION, AND LIQUIDATION
Chapter I. Accounts	Chapter I. <u>Annual</u> Accounts
Article 59. Financial Year and	Article 59<u>53</u>. Financial Year and

Preparation of Accounts	Preparation of <u>Annual</u> Accounts
1. The financial year shall commence on 1 January of each year and shall end on 31 December.	3. The financial year shall commence on 1 January of each year and shall end on 31 December <u>of each year</u> .
2. The accounts and the management report shall be prepared in compliance with the structure, principles, and guidelines contained in applicable provisions.	2.—The accounts and the management report shall be prepared in compliance with the structure, principles, and guidelines contained in applicable provisions.—
3. Within the first three (3) months of the year, the Board of Directors shall prepare the accounts, the management report, and the proposed allocation of profits or losses and, if applicable, the consolidated accounts and management report. The accounts and the management report must be signed by all the directors. If the signature of any of them is missing, an indication of such circumstance shall be inserted into each of the documents where it is so missing, with express reference to the reason therefor.	3.— <u>4.</u> 3.— Within the first three (3) months of the year, the Board of Directors shall prepare the <u>annual</u> accounts, the management report, and the proposed allocation of profits or losses, and, if applicable, the consolidated <u>annual</u> accounts and management report. The accounts and the management report must be signed by all the directors. If the signature of any of them is missing, an indication of such circumstance shall be inserted into each of the documents where it is so missing, with express reference to the reason therefor.—
Article 60. Auditors	Article 60. Auditors
1. The accounts and the management report of the Company, as well as the consolidated accounts and management report, must be reviewed by auditors.	1.—The accounts and the management report of the Company, as well as the consolidated accounts and management report, must be reviewed by auditors.—
2. The auditors shall be appointed by the shareholders acting at a General Shareholders' Meeting prior to the end of the financial year to be audited, for a fixed initial period that shall not be less than three (3) years nor greater than nine (9), to be counted from the date of	2.—The auditors shall be appointed by the shareholders acting at a General Shareholders' Meeting prior to the end of the financial year to be audited, for a fixed initial period that shall not be less than three (3) years nor greater than nine (9), to be counted from the date of commencement of the first financial year

<p>commencement of the first financial year to be audited; the auditors may be re-elected by the shareholders upon the terms established by law, once the initial period has expired.</p>	<p>to be audited; the auditors may be re-elected by the shareholders upon the terms established by law, once the initial period has expired.</p>
<p>3. The auditors shall prepare a detailed report on the results of their actions pursuant to the laws on the auditing of accounts.</p>	<p>3. The auditors shall prepare a detailed report on the results of their actions pursuant to the laws on the auditing of accounts. <u>for the previous financial year.</u></p>
<p>Article 61. Approval of Accounts and Allocation of Profits/Losses</p>	<p>Article 61.<u>54.</u> Approval of Accounts and Allocation of Profits/Losses</p>
<p>1. The accounts of the Company and the consolidated accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.</p>	<p><u>6.</u> 1. The <u>annual</u> accounts of the Company and the consolidated <u>annual</u> accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.</p>
<p>2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved balance sheet.</p>	<p><u>7.</u> 2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved balance sheet<u>annual accounts.</u></p>
<p>3. Once such payments as are provided for by these <i>By-Laws</i> or by law have been made, dividends may only be distributed with a charge against the profits for the financial year or against unrestricted reserves, if the book value of net assets is not less than the share capital, or does not become so as a result of the distribution.</p>	<p>3. Once such payments as are provided for by these By-Laws or by law have been made, dividends may only be distributed with a charge against the profits for the financial year or against unrestricted reserves, if the book value of net assets is not less than the share capital, or does not become so as a result of the distribution.</p>
<p>4. If the shareholders resolve to distribute dividends, they shall establish the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may</p>	<p><u>9.</u> 4. If the shareholders resolve to distribute dividends<u>a dividend</u>, they shall establish<u>decide</u> the time and form of payment thereof. The establishment of these standards and of any others that may be</p>

<p>be delegated to the Board of Directors.</p>	<p>required or appropriate to carry out the resolution may be delegated to the Board of Directors.</p>
<p>5. The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company.</p>	<p><u>10.</u> 5.—The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. <u>The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.</u></p>
<p>6. The distribution of dividends to shareholders shall be made in proportion to their paid-up share capital.</p>	<p><u>11.</u> 6.—The distribution of dividends<u>a dividend</u> to shareholders shall be made in proportion to their paid-up share capital.</p>
<p>Article 62. Filing of the Approved Accounts</p>	<p>Article 62. Filing of the Approved Accounts</p>
<p>The Board of Directors shall file the accounts and the management report of the Company, as well as the consolidated accounts and management report, together with the corresponding reports prepared by the auditors and all other mandatory documents, in such manner and within such periods as are prescribed by law.</p>	<p>The Board of Directors shall file the accounts and the management report of the Company, as well as the consolidated accounts and management report, together with the corresponding reports prepared by the auditors and all other mandatory documents, in such manner and within such periods as are prescribed by law.</p>

Chapter II. Dissolution and Liquidation of the Company	Chapter II. Dissolution and Liquidation of the Company
Article 63. Grounds for Dissolution	Article 63<u>55</u>. Grounds for Dissolution
The Company shall be dissolved upon the occurrence of any of the events established by law.	The Company shall be dissolved upon the occurrence of any of the events established by law.
Article 64. Liquidation of the Company	Article 64<u>56</u>. Liquidation of the Company
1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which must be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment shall cease to hold office.	4. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which must <u>shall</u> be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment <u>or, in case of equal length, the director who is younger,</u> shall cease to hold office.
2. During the liquidation period, the provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.	5. During the liquidation period, the provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.
3. All liquidating operations shall be carried out with due observance of applicable law.	6. All liquidating operations shall be carried out with due observance of applicable <u>the provisions of</u> law.
Article 65. Supervening Assets and Liabilities	Article 65. Supervening Assets and Liabilities
1. If corporate property appears after	1. If corporate property appears after

<p>the entries relating to the Company have been cancelled, the liquidators shall assign to the former shareholders the additional share to which they may be entitled, for which purpose such property shall be first converted into cash where necessary.</p>	<p>the entries relating to the Company have been cancelled, the liquidators shall assign to the former shareholders the additional share to which they may be entitled, for which purpose such property shall be first converted into cash where necessary.</p>
<p>After the passage of six (6) months from the date on which the liquidators were required to comply with the provisions of the foregoing without the former shareholders having been assigned the additional share, or in the absence of liquidators, any interested party may file a petition with the Court of First Instance of the Company's last registered office for the appointment of a person to replace the liquidators in the performance of their duties.</p>	<p>After the passage of six (6) months from the date on which the liquidators were required to comply with the provisions of the foregoing without the former shareholders having been assigned the additional share, or in the absence of liquidators, any interested party may file a petition with the Court of First Instance of the Company's last registered office for the appointment of a person to replace the liquidators in the performance of their duties.</p>
<p>2. The former shareholders shall be jointly and severally liable for all unpaid corporate liabilities up to the amount of what they may have received as their share in liquidation, without prejudice to the liability of the liquidators in the event of fraudulent or negligent conduct.</p>	<p>2. The former shareholders shall be jointly and severally liable for all unpaid corporate liabilities up to the amount of what they may have received as their share in liquidation, without prejudice to the liability of the liquidators in the event of fraudulent or negligent conduct.</p>
<p>3. In order to comply with formal requirements relating to legal acts performed prior to the cancellation of the entries of the Company, or whenever necessary, the former liquidators may formalise legal acts in the name of the defunct Company following its cancellation in the register. In the absence of liquidators, any interested party may file a petition for formalisation by the Court of First Instance of the place where the last registered office of the Company was located.</p>	<p>3. In order to comply with formal requirements relating to legal acts performed prior to the cancellation of the entries of the Company, or whenever necessary, the former liquidators may formalise legal acts in the name of the defunct Company following its cancellation in the register. In the absence of liquidators, any interested party may file a petition for formalisation by the Court of First Instance of the place where the last registered office of the Company was located.</p>
<p>TITLE V. FINAL PROVISIONS</p>	<p>TITLE V. FINAL PROVISIONS</p>

<p>Sole Final Provision. Jurisdiction for the Resolution of Disputes</p>	<p>Sole Final Provision. Jurisdiction for the Resolution of Disputes</p>
<p>In connection with all litigious disputes that may arise between the Company and the shareholders with regard to the corporate affairs, both the Company and the shareholders waive the right to resort to their own jurisdiction and expressly submit to the jurisdiction of the courts of the place where the Company's registered office is located, except in those cases in which another jurisdiction is imposed by law.</p>	<p>In connection with all litigious disputes that may arise between the Company and the shareholders with regard to the corporate affairs, both the Company and the shareholders waive the right to resort to their own jurisdiction and expressly submit to the jurisdiction of the courts of the place where the Company's registered office is located, except in those cases in which another jurisdiction is imposed by law.</p>



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENT OF THE *REGULATIONS FOR THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY* INCLUDED IN ITEM NINE OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the Report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) in order to provide a rationale for the proposed amendments of the *Regulations for the General Shareholders' Meeting* (the “*Regulations*”) submitted to the shareholders for approval at the General Shareholders' Meeting of the Company under item nine on the agenda.

To facilitate the shareholders' understanding of the changes that give rise to these proposals, a description of the purpose of and rationale for such amendments is provided, and the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting are included below.

In addition, in order to facilitate a comparison between the new text of the articles proposed to be amended and the current text thereof, attached to this report as an Annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text currently in force, which is contained in the left-hand column.

2. Rationale for the Proposal

2.1 Introduction: Purposes of the Amendment

Iberdrola's corporate governance strategy consists of pursuing the fulfilment of the corporate interest, taking into account the other legitimate public or private interests that converge in its business activity and its institutional reality, particularly those of the various communities and territories in which the Company acts and those of its employees and other stakeholders linked to Iberdrola and to the group of companies of which the Company is the controlling company, within the meaning established by law (the “**Group**”).

One of the main pillars underpinning such strategy is its commitment to best corporate governance, business ethics, and corporate social responsibility practices in all its areas of activity.



NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to reflect, the text of the original Spanish-language document shall prevail.

Such commitment is reflected, in particular, in the application, revision, and ongoing and systematic improvement of its Corporate Governance System, taking into account the good governance recommendations generally accepted in the international markets and the trends in this area.

As a result of such revision and ongoing improvement efforts, Iberdrola is one of the corporations with some of the most advanced corporate governance practices worldwide.

These proposed amendments of the *Regulations*, which are framed within the revision of the *By-Laws* submitted to the shareholders for approval at the General Shareholders' Meeting of the Company under item eight on the agenda, seeks to maintain Iberdrola's leadership position in the area of corporate governance.

As in the case of the aforementioned proposed amendment of the *By-Laws*, the shareholders are the main pillar around which the changes to the *Regulations* discussed in this report revolve.

In line with the *By-Laws*, the ultimate purpose pursued with these amendments is for the General Shareholders' Meeting to become a truly effective channel for participation, where all the shareholders can participate in corporate decisions in an informed manner, thereby contributing to their involvement in the life of the Company.

Specifically, the purposes of these amendments are the following:

- a) To introduce new legislative developments approved since the holding of the last General Shareholders' Meeting and, in particular, the changes stemming from Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance ("**Law 31/2014**").
- b) To include and further develop in the *Regulations* the changes made to the *By-Laws* as a result of any amendments thereof approved by the shareholders at the General Shareholders' Meeting under item eight of the agenda.
- c) To make other corporate governance improvements reflecting the latest recommendations generally recognised in international markets.

This category of amendments particularly includes those designed to strengthen the framework of Iberdrola's relations with its shareholders, seeking to involve them in the life of the Company.

- d) Finally, advantage has been taken of the revision of the *Regulations* to simplify the text thereof and to make other improvements of a technical nature.

Furthermore, the judgments of the Supreme Court in its decision of 12 November 2014 and of the Provincial Court of Biscay in its decision of 28 December 2012 regarding the challenge to the text of these articles approved by the shareholders at the General Shareholders' Meeting held on 27 May 2011 have been taken into account in the proposed amendments of the current articles 9.3.c) and 28.2.c) (shareholders' right to receive information) of the *Regulations*.

2.2 Structure of the Proposed Amendment

Inasmuch as the same changes affect several articles, the proposed amendments have been grouped into four independent blocks for voting purposes in order to facilitate the proper exercise of shareholders' voting rights, pursuant to the provisions of section 197 *bis* of the Companies Act and article 34.1 of the *Regulations*. These are:

A.- Amendment of the Preliminary Title and of Title I (*Function, Types, and Powers*).

B.- Amendment of Titles II (*Call to the General Shareholders' Meeting*), III (*Right to Attend and Proxy Representation*) and IV (*Infrastructure and Equipment*).

C.- Amendment of Title V (*Conduct of the General Shareholders' Meeting*).

D.- Amendment of Titles VI (*Voting and Adoption of Resolutions*), VII (*Closure and Minutes of the Meeting*) and VIII (*Subsequent Acts*).

Below is a description of the main amendments submitted to the shareholders at the General Shareholders' Meeting, grouped in accordance with the four voting blocks described above:

2.3 Amendment of the Preliminary Title and of Title I (*Function, Types, and Powers*)

Preliminary Title

In article 1, it is proposed to include a reference to the principles of transparency and of the utmost participation of the shareholders at the General Shareholders' Meeting, in line with the proposed amendments of the *By-Laws*, and to simplify the text thereof, omitting the detailed description of the Corporate Governance System, as it is already included in the *By-Laws*.

In article 5, in order to strengthen shareholders' rights to receive information, it is proposed to make the report obligatory in the event of an amendment of the *Regulations*, thus turning the practice followed by Iberdrola at its last General Shareholders' Meetings into a mandatory rule.

It is also proposed to create a new article 6 to govern key documents relating to

the conduct of the General Shareholders' Meeting: the *Shareholder's Guide*, any rules of implementation approved by the Board of Directors, and the management framework for the General Shareholders' Meeting.

The *Shareholder's Guide* is the document published by Iberdrola for the last eight General Shareholders' Meetings to facilitate the informed participation of all shareholders at General Shareholders' Meetings. The contents thereof have evolved hand-in-hand with the Company's corporate governance strategy, making it a key instrument to favour the informed participation of the shareholders.

The purpose of the implementing rules for the General Shareholders' Meeting is to systematise, adapt, and specify the content of the Corporate Governance System as regards the holding of the General Shareholders' Meeting, to ensure that it is conducted with all requisite guarantees.

Finally, the management framework for the General Shareholders' Meeting is a key internal document used to plan and coordinate the organisation thereof, as well as to facilitate the cooperation of all the internal divisions of Iberdrola that make the holding of such meeting possible.

The other changes in the articles of this chapter are minor technical improvements.

Function, Types, and Powers

In Title I, it is proposed to divide the current article 6 regarding the function and types of General Shareholders' Meetings into two new articles, 7 and 8, that will separately govern the function of the General Shareholders' Meeting and the types thereof.

In the first of such articles, in line with the basic purpose underlying the amendment of the *Regulations* and the by-law amendments proposed in item eight on the agenda, it is proposed to explain that the primary function of the General Shareholders' Meetings is to serve as the main channel for participation of the shareholders in the Company. Technical improvements of lesser significance are proposed in article 8.

The current article 7, which now becomes article 9, restates the powers of the shareholders at the General Shareholders' Meeting, grouping them by blocks of subjects: those relating to the Board of Directors and the directors, to the annual accounts and corporate management, to the amendment of the rules of the Corporate Governance System, to the increase and reduction in share capital, acquisition of own shares, and issuance of debentures convertible into shares, to structural changes of the Company, to the auditors, and to the winding-up and dissolution of the Company.

The new powers granted by Law 31/2014 to the shareholders at the General Shareholders' Meeting are also included.

Given that, in line with corporate governance recommendations on the matter, the current *Regulations* already gave the shareholders acting at a General Shareholders' Meeting powers relating to the transfer of the Company's core activities to its subsidiaries, the acquisition, disposal, or contribution of core assets to another company, and the approval of transactions having an effect equivalent to liquidation of the Company, the new powers of the shareholders at the General Shareholders' Meeting proposed to be included are approval of the director remuneration policy and waiver for directors of the prohibitions stemming from the duty of loyalty in certain cases.

Additionally, the power of the shareholders acting at a General Shareholders' Meeting relating to the issuance of debentures and other negotiable securities (letter f) is limited to those that are convertible into shares or that give the right to subscribe thereto, leaving the power regarding the issuance of other types of debentures and negotiable securities to the provisions of law at any particular time.

2.4 Amendment of Titles II (*Call to the General Shareholders' Meeting*), III (*Right to Attend and Proxy Representation*) and IV (*Infrastructure and Equipment*).

Call to the General Shareholders' Meeting

In Title II it is first proposed to reorganise the content of the current articles 8 and 10, which will be divided into the new articles 10, 11, 12, 13, 14, and 15, and to make technical improvements in the text thereof.

The purpose behind all this is to clarify and make more readily understandable the regulations pertaining to the call to General Shareholders' Meeting.

In addition, in the new articles 10 and 12, it is proposed to include the improvements in shareholders' rights introduced by Law 31/2014, which reduces to three per cent the minimum percentage required to request the call to a General Shareholders' Meeting, the publication of a supplement to the call, and to submit alternative proposed resolutions.

In connection with the foregoing and as an improvement in corporate governance, included in article 12 is the Company's duty to publicise as early as possible the items on the agenda and/or the proposed resolutions submitted, as well as to publish a new form of attendance, proxy, and absentee voting card that takes them into account. The purpose of the foregoing is to promote shareholder participation and facilitate the effective exercise of such rights.

The new article 11 includes a new reference to the payment of the attendance

bonus, in line with the proposed amendment in the new article 16 of the *By-Laws*, in order for payment of the attendance bonus to be made in a transparent and objective manner. This policy is currently included in the *General Corporate Governance Policy*.

In article 13 it is proposed to introduce a generic duty to increase the amount of information that must be made available to the shareholders following the call to meeting, such that it is “*all information additional to that required by law that [the Board of Directors] deems appropriate*”.

In article 14 it is proposed to increase the information that the Company must make available to its shareholders on its corporate website following the call to the General Shareholders’ Meeting.

Specifically, it is added that, at a minimum, in addition to the report with the rationale for the proposed appointment, re-election, or ratification of directors required by law following the amendment introduced by Law 31/2014, the Company must make available to the shareholders the approved annual corporate social responsibility report, the report on the independence of the auditor, and the activities reports (or integrated activities report) of the consultative committees of the Board of Directors.

In line with the amendment introduced in the new article 19 of the *By-Laws*, article 15 extends the period during which the shareholders may exercise their right to receive information prior to the holding of the General Shareholders’ Meeting, in accordance with the amendment of the Companies Act introduced by Law 31/2014. It also describes the new instances in which the Board of Directors is not required to provide such information, all in accordance with the provisions of the new section 197 of the Companies Act after the amendment made by Law 31/2014, and with the amendment of the current article 20 of the *By-Laws* (which now becomes article 19) if approved by the shareholders at the General Shareholders’ Meeting under item eight on the agenda.

Right to Attend

As noted above, the purpose of the amendment is to make the General Shareholders’ Meeting a truly effective instrument within which all the shareholders can participate in corporate decisions in an informed manner, helping to involve them in the life of the Company.

Further developing this principle, it is proposed to create a new article 16 within the current Title III (to be entitled “*Right to Attend and Proxy Representation*”), that clearly reflects the mandate to the Board of Directors to adopt such measures as may be appropriate to promote the utmost participation of the shareholders at the General Shareholders’ Meeting.

It is also proposed to insert at the end of the current article 11 (new article 18) a

reference to the attendance of personnel from the Office of the Shareholder and to the person appointed by the Company to receive the questions asked by the shareholders at the General Shareholders' Meeting and through other channels of participation, the regulations governing which it is proposed to include in the new article 27.

Right to Proxy Representation

Technical improvements are made to the regulations governing the right to proxy representation, and it is proposed to amend the content of the current article 12, which will become the new article 19. Specifically, section 2 provides a fuller and simpler description of the various ways in which a proxy may be granted: through delivery of the attendance card to the proxy-holder, entrusting it to the Company at the premises provided for such purpose, sending it by postal correspondence, or by completing a form provided for such purpose through the corporate website.

In connection with this last section, as an innovation, it is proposed to introduce regulations governing the use of passwords, which the Company may send to the shareholders, and through which they will be able to use the corporate website not only to appoint a proxy, but also to cast an absentee vote and to exercise their right to receive information prior to the General Shareholders' Meeting, without prejudice to other possible applications that the Company may make available to the shareholders.

The purpose of this measure is to facilitate participation from a distance through the corporate website, with all requisite guarantees.

Finally, it is proposed to amend article 20 to make provision for the possibility of the Company itself issuing the attendance, proxy, and absentee voting cards whenever technically possible.

The aim behind all this is to allow for the use of all possible technical means to promote the greatest possible participation of the shareholders at the General Shareholders' Meeting.

Infrastructure and Equipment

In chapter IV it is first proposed, to include in article 21, which replaces the current article 14, the content of the new article 20 of the *By-Laws* following the amendment, if any, approved by the shareholders at the General Shareholders' Meeting in the proposed resolution included under item eight on the agenda.

Such article 20 provides that the General Shareholders' Meeting must be held within the municipal territory of Bilbao. This follows the rule of the General Department of Registries and Notarial Offices (*Dirección General de los Registros y del Notariado*) on the interpretation of section 175 of the Companies Act.

In the new article 22, which replaces the current article 15, it is proposed to

develop the regulations concerning the protection of the right to one's own image and of personal data to facilitate the broadcasting of General Shareholders' Meetings and thereby contribute to their dissemination to all those interested in following the proceedings from a distance.

In the same article, there is contemplation of the adoption of measures allowing for the participation of all the shareholders, including the adoption of measures to remove impediments that may affect the effective participation at the General Shareholders' Meeting of attendees with auditory or visual limitations, in line with Iberdrola's commitment to encourage the participation of the shareholders.

The other amendments to the articles of this title are of a technical nature.

2.5 Amendment of Title V (*Conduct of the General Shareholders' Meeting*).

The purpose of the changes in Title V is to simplify its structure and to update the regulations for the conduct of the General Shareholders' Meeting.

To that end, it is proposed to consolidate and simplify the text concerning the powers of the chairman of and the secretary for the General Shareholders' Meeting contained in the current articles 20 and 21, which now become articles 27 and 28.

In the new article 27, it is proposed to clarify that the executive directors and the senior officers of the Company will have the duty to report on the progress of the Company and to present the results thereof.

It is also proposed to introduce a new section 3 in such article to provide for the possibility of a representative of the Company describing to the shareholders at the General Shareholders' Meeting, in an organised manner, the questions or concerns that the shareholders communicate to the Company.

In addition, it is proposed to remove the differentiation between the interim and the final quorum, and unify within a new article 33 the content of the current articles 24 and 30, the current text of which govern the commencement of the meeting and the confirmation of the establishment of a quorum for the General Shareholders' Meeting.

Specifically, such representative would be able to describe both the questions that attendees at the General Shareholders' Meeting wish to ask and such other questions as the Company may receive from the shareholders through other channels for participation, outside of the formal setting of the General Shareholders' Meeting.

This will promote the enrichment of the content of the shareholder presentations and is intended to contribute to the effective discharge of the duties of the shareholders at the General Shareholders' Meeting as a decision-making body.

Finally, in order to strengthen the right of the shareholders to receive information,

it is proposed to establish in the current article 26, which now becomes the new article 32, the duty to report to the shareholders on the main items of the *Annual Corporate Governance Report*, with particular emphasis on any changes since the last General Shareholders' Meeting and on those instances of failure to comply with corporate governance recommendations that the Company has explained in such report, as well as on any qualifications included in the auditor's report on the annual accounts.

The proposed amendment also specifies that the reports to be submitted during the General Shareholders' Meeting shall generally be submitted by the executive directors and the senior officers of the Company in a manner consistent with the assignment thereto of the duty to report on the progress of the Company and to present the results thereof.

2.6 Amendment of Titles VI (*Voting and Adoption of Resolutions*), VII (*Closure and Minutes of the Meeting*) and VIII (*Subsequent Acts*).

Voting and Adoption of Resolutions

As regards the system for voting and adoption of resolutions, it is proposed to include in the current article 33, which now becomes the new article 39, the possibility of using the personal passwords described above.

In article 40, it is proposed to include the content of the new section 197 *bis* of the Companies Act introduced by Law 31/2014, which governs certain instances in which separate votes for each matter are to be held.

Last, in order to reflect the new majority system for the adoption of resolutions at the General Shareholders' Meeting introduced by Law 31/2014, it is proposed to amend section 2 of the current article 35, which now becomes article 41.

The other changes in the articles of Title IV are technical in nature.

Closure, Minutes of the Meeting, and Subsequent Acts

The purpose of the changes made in Titles VII (*Closure and Minutes of the Meeting*) and VIII (*Subsequent Acts*) is to make minor technical drafting improvements, making the text thereof consistent with that of the other articles of the previous titles.

3. Proposed Resolution Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

"ITEM NINE ON THE AGENDA

Amendments of the Regulations for the General Shareholders' Meeting in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act to improve corporate governance, and to include other improvements in the area of corporate governance and of a technical nature.

RESOLUTION

A.- Amendment of the Preliminary Title and of Title I (Function, Types, and Powers).

To amend the articles currently making up the Preliminary Title and Title I of the Regulations for the General Shareholders' Meeting, which shall hereafter read as follows:

“PRELIMINARY TITLE

Article 1. Purpose

- 1. The Regulations for the General Shareholders' Meeting (the “**Regulations**”) contain the principles for conducting the General Shareholders' Meeting of IBERDROLA, S.A. (the “**Company**”), as well as the basic rules for the call, preparation, and holding thereof.*
- 2. The Regulations seek to achieve greater transparency, efficiency, and impetus to the functions of deliberation and decision-making by the shareholders at the General Shareholders' Meeting, to guarantee equal treatment of all shareholders in the same situation with respect to information, participation and the exercise of voting rights at the General Shareholders' Meeting, and particularly to promote the maximum participation of the shareholders and their involvement in the life of the Company.*
- 3. The recommendations on good governance generally recognised in the international markets have been taken into account in the preparation hereof.*

Article 2. Scope of Application and Effectiveness

- 1. These Regulations shall apply to all General Shareholders' Meetings held by the Company.*
- 2. They shall have indefinite duration and shall become effective upon the first General Shareholders' Meeting to be called after the meeting at which it is resolved that these Regulations or any subsequent amendments hereof be approved, without prejudice to the rights previously accorded to the shareholders under legal and by-law provisions.*

Article 3. Dissemination

These Regulations and any amendments hereto shall be communicated to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) and registered with the Commercial Registry (Registro Mercantil) pursuant to applicable rules and regulations. The current text of these Regulations shall be made available on the Company's corporate website.

Article 4. Priority and Interpretation

- 1. These Regulations further develop and complement legal and by-law provisions applicable to the General Shareholders' Meeting, which shall prevail in the event of contradiction therewith, and shall be interpreted in accordance with the Corporate Governance System, of which they form a part.*
- 2. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Those that might arise during the General Shareholders' Meeting shall be settled by the chair thereof.*

Article 5. Amendment

- 1. The Board of Directors, and shareholders who individually or collectively represent at least three per cent of the share capital of the Company, shall have the right to propose amendments to the Regulations.*
- 2. The full text of the proposed amendment and a report providing the rationale therefor prepared by the Board of Directors or by the shareholders making the proposal shall be made available to the shareholders at the time of the call to the General Shareholders' Meeting at which the decision is to be made regarding the aforementioned proposal.*

Article 6. Shareholder's Guide, Rules of Implementation, and Management Framework for the General Shareholders' Meeting

- 1. In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting the Board of Directors shall make available thereto a Shareholder's Guide that clearly explains the most significant aspects regarding the operation thereof and the procedures established for the exercise of their rights at the General Shareholders' Meeting.*
- 2. The Board of Directors may approve rules of implementation that systematise, adapt, and specify the provisions of the Corporate Governance System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.*

3. *The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding and formalisation of the resolutions at each General Shareholders' Meeting.*

TITLE I. FUNCTION, TYPES, AND POWERS

Article 7. Function

1. *The General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein all duly convened shareholders meet to debate and decide by the required majorities those matters within their power, or to be informed of those other matters that the Board of Directors or the shareholders deem appropriate upon the terms provided by law and the Corporate Governance System.*
2. *Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against, abstain from voting, vote in blank, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.*

Article 8. Types

1. *A General Shareholders' Meeting may be annual or extraordinary.*
2. *The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six months of each financial year in order to approve the corporate management, approve the annual accounts for the prior financial year, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matters appear on the agenda of the call to meeting or are legally appropriate and that the required quorum for the General Shareholders' Meeting has been formed for such purpose.*
3. *Any General Shareholders' Meeting not provided for in the preceding section shall be deemed to be an Extraordinary General Shareholders' Meeting.*

Article 9. Powers

1. *The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the By-Laws or these Regulations, and in any case regarding the following:*
 - A) *With respect to the Board of Directors and the directors:*

- a) *The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
 - b) *The approval of the establishment and application of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
 - c) *Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
 - d) *The exercise of derivative liability actions against directors.*
- B) *With respect to the annual accounts and corporate management:*
- a) *The approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its subsidiaries.*
 - b) *The allocation of profits/losses.*
 - c) *The approval of corporate management.*
- C) *With respect to amendments to the Corporate Governance System:*
- a) *The amendment of the By-Laws.*
 - b) *The approval and amendment of these Regulations.*
 - c) *The approval of the director remuneration policy upon the terms provided by law.*
- D) *With respect to an increase or reduction in share capital, acquisition of own shares, and issue of debentures convertible into shares:*
- a) *An increase or reduction in share capital.*
 - b) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
 - c) *The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General*

Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation, in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.

- d) The exclusion or limitation of pre-emptive rights.*
 - e) The authorisation for the derivative acquisition of the Company's own shares.*
 - f) The issuance of debentures and other negotiable securities that are convertible into shares or that give the right to subscribe therefor, and the delegation to the Board of Directors of the power to issue them as well as the power to exclude or limit pre-emptive rights, upon the terms established by law¹.*
- E) With respect to structural changes of the Company and functionally similar operations:*
- a) The transformation of the Company*
 - b) The merger or split-off of the Company upon the terms provided by law.*
 - c) The overall assignment of assets and liabilities.*
 - d) The transfer of the registered office abroad.*
 - e) The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;*
 - f) The acquisition, transfer, or contribution of key assets from or to another company.*
- F) With respect to auditors:*

¹ Note: subject to approval of the Business Financing Promotion Act (*Ley de Fomento de la Financiación Empresarial*), which amends section 406 of the Companies Act (*Ley de Sociedades de Capital*) upon terms similar to the bill currently before the Parliament.

- a) *The appointment, re-election, and removal of the auditors.*
- b) *The exercise of derivative liability actions against the auditors.*
- G) *With respect to the dissolution and liquidation of the Company.*
 - a) *The dissolution of the Company.*
 - b) *The appointment and removal of the liquidators.*
 - c) *The approval of the final liquidating balance sheet.*
 - d) *The exercise of derivative liability actions against the liquidators.*
 - e) *The approval of transactions having an effect equivalent to liquidation of the Company.*
- 2. *The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their power pursuant to law or the Corporate Governance System.*
- 3. *The shareholders acting at a General Shareholders' Meeting shall also decide, by way of a consultative vote, on the annual director remuneration report, and may also make a pronouncement on any other reports or proposals submitted by the Board of Directors."*

B.- Amendment of Titles II (Call to the General Shareholders' Meeting), III (Right to Attend and Proxy Representation) and IV (Infrastructure and Equipment).

To amend the articles currently making up Titles II, III, and IV of the Regulations for the General Shareholders' Meeting, which shall hereafter read as follows:

"TITLE II. CALL TO THE GENERAL SHAREHOLDERS' MEETING

Article 10. Call to the General Shareholders' Meeting

- 1. *The General Shareholders' Meeting shall be formally called by the Board of Directors.*
- 2. *The Board of Directors must call the General Shareholders' Meeting in the following events:*
 - a) *In the event set forth in article 8.2 above.*

- b) *If the meeting is requested, in the manner provided by law, by shareholders who individually or collectively represent at least three per cent of the share capital, which request sets forth the matters to be addressed. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors shall prepare the agenda of the call, which must include the matters specified in the request.*
 - c) *When a takeover bid is made for the securities of the Company, in order to report to the shareholders at the General Shareholders' Meeting and to deliberate and decide upon the matters submitted for their consideration.*
3. *The Board of Directors may request the presence of a notary public to assist with and draw up the minutes of the General Shareholders' Meeting. In any event, the Board must request the presence of a notary public under the circumstances provided by law.*

Article 11. Announcement of Call to Meeting and Agenda

1. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
- a) *The Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission.*
 - c) *The Company's corporate website.*
2. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*
- a) *The day, place, and time of the meeting upon first call and the agenda, with a statement of all matters to be dealt with.*
 - b) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, submit well-founded proposals for resolutions, or exercise their rights to receive information, to cast an absentee vote, and to grant a proxy, upon the terms provided by law.*
 - c) *The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*

- d) *A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the auditors, and of the independent experts to be submitted and the complete text of the proposed resolutions submitted to the shareholders at the General Shareholders' Meeting for adoption.*
- e) *The address of the Company's corporate website.*
- f) *The attendance bonus that the Board of Directors may resolve to pay to shareholders appearing at the General Shareholders' Meeting in accordance with the policy approved for such purpose.*

The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed upon second call, if applicable.

- 3. *The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.*

Article 12. Supplement to the Call to Meeting and Submission of Well-founded Proposed Resolutions

- 1. *Shareholders who individually or collectively represent at least three per cent of the share capital may:*
 - a) *Request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution.*
 - b) *Submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to the General Shareholders' Meeting.*

The written notice of the exercise of such rights shall specify the name or the corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences the status thereof as shareholder, in order for such information to be checked against that provided by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as the contents of the item or items proposed. Under the circumstances set forth in letter a), the Board of Directors may require that the shareholder also attach the proposed resolution or resolutions and, if legally required, in the instances set forth in letters a) and b), the report or reports providing a rationale for the proposals.

2. *The shareholders' rights mentioned in the preceding section must be exercised by duly authenticated notice sent to the Company's registered office within the periods provided by law.*
3. *The Company shall publicise the items on the agenda and/or the proposed resolutions submitted in accordance with the preceding sections as soon as possible, within the legally mandated periods, and shall publish a new form of attendance, proxy, and absentee voting card that takes them into account. The Company shall also ensure the dissemination of these proposed resolutions and any documentation attached thereto to the other shareholders, in accordance with the provisions of law.*

Article 13. Availability of Information

1. *At the time of the call to meeting, the Board of Directors shall make available to the shareholders all information additional to that required by law that it deems appropriate and that contributes to a better understanding by shareholders with respect to the exercise of their rights in connection with the General Shareholders' Meeting and of the matters to be dealt with thereat.*
2. *When the shareholders are to deal with an amendment to the By-Laws, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.*
3. *In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.*

Article 14. Corporate Website

1. *The Company shall use its corporate website to promote the informed participation of all shareholders at the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.*
2. *From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company's corporate website shall continuously publish such information as is required by law or deemed appropriate to facilitate and promote the attendance and participation of the shareholders at the General Shareholders' Meeting, including in any case the following:*
 - a) *The announcement of the call to the General Shareholders' Meeting.*

- b) *The total number of shares and voting rights existing on the date of the announcement of the call to meeting, broken down by classes of shares, if any.*
- c) *Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of directors, the auditors, and the independent experts that are expected to be submitted, proposed resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.*
- d) *In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election, or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; type of director such person is or should be, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or who the director represents or with which the director maintains ties; date of the director's first and any subsequent appointments as director of the Company; and shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; the report prepared by the Board of Directors and the proposal of the Appointments and Remuneration Committee in the case of independent directors, and the report of the Committee in other cases.*
- e) *The existing channels of communication between the Company and the shareholders and, in particular, explanations pertinent to the exercise of the right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.*
- f) *The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy, and absentee voting card, if any.*
- g) *The annual reports that the Board of Directors has approved regarding corporate social responsibility.*
- h) *The report on the independence of the auditor prepared by the Audit and Risk Supervision Committee.*
- i) *The activities reports or integrated activities report of the consultative committees of the Board of Directors.*

3. *The Company shall use its best efforts to include in its corporate website, beginning on the date of the announcement of the call to meeting, an English version of the information and the principal documents related to the General Shareholders' Meeting. In the event of a discrepancy between the Spanish and English versions, the former shall prevail.*
4. *Pursuant to the provisions of applicable legislation, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website on occasion of the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the Company.*

Article 15. Requests for Information Prior to the General Shareholders' Meeting

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.*
2. *All such requests for information or questions may be made or asked by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence thereof, to the Office of the Shareholder (Oficina del Accionista). Requests shall be allowed that include the recognised electronic signature of the requesting party, the personal passwords referred to in letter c of article 19.2 below, or that use other mechanisms that the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder, after an express resolution adopted for such purpose.*
3. *Regardless of the means used, the request must include the shareholder's first and last names or company name, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders' name provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) for the General Shareholders' Meeting in question. The shareholder shall be responsible for showing delivery of the request to the Company as and when due.*

4. *The Board of Directors shall be required to provide the information requested pursuant to the two preceding paragraphs in the form and within the periods set forth in the law, in the By-Laws, and in these Regulations, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the Company or related companies.*
5. *The information requested may not be denied if it is supported by shareholders representing at least twenty-five per cent of the share capital.*
6. *The Board of Directors may authorise any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.*
7. *To ensure the equal treatment of all shareholders, valid requests for information, clarification, or requests made in writing by the shareholders and the answers provided in the same form by the Board of Directors or the persons delegated thereby shall be included in the corporate website of the Company.*
8. *If, prior to the presentation of a specific question, the information requested is clearly, expressly, and directly available to all shareholders on the corporate website in question/answer format, the answer may consist of a reference to the information provided in such format.*

TITLE III. RIGHTS TO ATTEND AND TO PROXY REPRESENTATION

Article 16. Participation

The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting.

Article 17. Attendance

1. *All holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.*
2. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification, which will be required at each General Shareholders' Meeting based on the systems available to verify the status of the attendees.*

Article 18. Other Attendees

1. *The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity thereof.*
2. *The chair of the General Shareholders' Meeting may authorise the meeting to be attended by officers, employees, and other person with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts, and any other person the chair deems appropriate. The shareholders acting at the General Shareholders' Meeting may revoke such authorisation.*
3. *Personnel from the Office of the Shareholder and the person performing the duties described in article 27.3 below shall also attend the General Shareholders' Meeting.*

Article 19. Right to Proxy Representation

1. *Shareholders may exercise the right to attend personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.*
2. *The proxy may be granted by delivering to the proxy representative the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company, or by any of the following means:*
 - a) *Advance delivery of the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced in the Company's corporate website.*
 - b) *Sending the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company by postal correspondence addressed to the Company.*
 - c) *By electronic correspondence, completing the proxy form available on the Company's corporate website, using a recognised electronic signature of the shareholder or other type of guarantee that the Company deems proper to ensure the authenticity and identification of the shareholder granting the proxy.*

For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.

3. *A proxy granted by any of the means indicated in letters a), b), or c) of the preceding section must be received by the Company before 24:00 on the day immediately prior to the day on which the General Shareholders' Meeting is held upon first call or upon second call, as applicable.*
4. *The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means, and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.*

Specifically, the Board of Directors may establish rules for the use of personal passwords and other guarantees other than electronic signatures for the granting of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and allow and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.

5. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.*
6. *A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.*
7. *A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.*
8. *A proxy may cover those matters that the law allows to be dealt with at the General Shareholders' Meeting even when not included in the agenda.*
9. *If the proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions or questions arise as to the intended proxy-holder or the scope of the representation, and unless otherwise indicated by the shareholder, it shall be deemed that: (i) the proxy is granted in favour of the chairman of the Board of Directors; (ii) refers to all of the items included in the agenda of the call to the General Shareholders' Meeting; (iii) contains the*

instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and (iv) extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting in accordance with law, in respect of which the proxy-holder shall vote in the direction the proxy-holder deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.

This provision may be further developed by any rules approved by the Board of Directors that systematise, further develop, adapt, and specify the provisions of the Corporate Governance System regarding the management of the General Shareholders' Meeting.

10. *Before being appointed, the proxy-holder shall provide detailed information to the shareholder regarding the existence of any conflict of interest. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy-holder shall immediately inform the shareholder thereof. In both cases, if the proxy-holder has not received new specific voting instructions regarding each of the matters on which the proxy-holder has to vote on behalf of the shareholder, the proxy-holder shall abstain from voting, without prejudice to the provisions of the following section.*
11. *Unless otherwise expressly indicated by the shareholder, if the proxy-holder is affected by a conflict of interest and has no specific voting instructions, or if the proxy-holder has them but it is deemed preferable that the proxy-holder not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy-holders for such items, severally and successively, in the event that any of them is in turn affected by a conflict of interest: first, the chair of the General Shareholders' Meeting, second, the secretary therefor, and finally, the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.*
12. *A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of article 40.3 below.*

Article 20. Attendance, Proxy, and Absentee Voting Cards

1. *The Company may issue the attendance, proxy, and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also propose to the entities participating in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) and to the brokers, representatives, and depositaries in general, the form of such cards as well as the formula that must be recited in order to delegate proxy representation, which, in the absence of specific instructions from the party granting the proxy, may also set forth the way for the proxy-holder to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy, and absentee voting card may also specify the identity of the proxy-holder and the alternate or alternates for the proxy-holder in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.*

The Company shall ensure that the cards issued by such entities are uniform and include a bar code or other system that allows for the reading thereof by electronic or long-distance data transmission means in order to facilitate the computerised calculation of shares represented in person and by proxy at the General Shareholders' Meeting.

2. *The proxy or voting instructions of the shareholders acting through brokers, representatives, or depositaries may be received by the Company through any valid system or means of long-distance communication, signed by the shareholder or by the entity. The entities may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.*
3. *If a broker, representative, or depositary sends to the Company an attendance, proxy, and absentee voting card or verification instrument of a shareholder duly identified in the document with the signature, stamp, and/or mechanical impression of the entity, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such entity to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.*

4. *In other respects, the other rules contained in the Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.*
5. *All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote.*

TITLE IV. INFRASTRUCTURE AND EQUIPMENT

Article 21. Place of the Meeting

1. *The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao. If no place is indicated in the call, it shall be deemed that the meeting will take place at the registered office.*
2. *The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.*

Article 22. Infrastructure, Means of Communication, and Services Available at the Premises

1. *The premises to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment, and safety, assistance, and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.*
2. *The Company may make available other furnished premises with similar characteristics where the General Shareholders' Meeting can be held in the event of an emergency.*
3. *Appropriate safety controls and surveillance and protection measures, as well as systems for controlling access to the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders' Meeting.*

4. *Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording, and/or transmission equipment and, in general any instrument that might alter the visibility, sound, or lighting conditions of the proceedings, except to the extent authorised by the chair thereof.*
5. *The proceedings of the General Shareholders' Meeting may be the subject of audiovisual recording, if so determined by the chair of the General Shareholders' Meeting. They may also be the subject to storage and live or recorded broadcast by any means, including over the internet, and dissemination on social networks. Entering the premises where the General Shareholders' Meeting is to be held signifies the consent of the shareholders or their proxy representatives to the capture of their image (including voice) and the processing of their personal data. The owner of the data shall have the rights of access, rectification, objection, or erasure of the data collected by the Company, upon the terms provided by law, by sending a letter to the Company at its registered office, to the attention of the Office of the General Secretary (Secretaria General).*
6. *Whenever reasonably possible, the Company shall endeavour to ensure that the premises at which the General Shareholders' Meeting is held has the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings into Euskera (Basque), English, and those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting by attendees with auditory or visual limitations.*
7. *The Company shall also make available to the shareholders any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose.*

Article 23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results

1. *The Company shall have the personnel and technical equipment required to perform monitoring and counting of the attendance, proxy, and absentee voting cards.*
2. *On the day of the General Shareholders' Meeting, the premises indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of those attending the meeting and to determine the quorum, prepare the list of shareholders present in person and by proxy, and calculate the voting.*

3. *In order to undertake such activity, the Company may, in accordance with applicable rules and regulations, ask “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” (IBERCLEAR) to provide a list of the Company’s shareholders and the number of shares appearing in the name of each shareholder.*

Article 24. Office of the Shareholder

The Company shall set up an Office of the Shareholder in a visible place at the stated premises of the General Shareholders’ Meeting, in order to:

- a) *Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals, and vote.*
- b) *Assist and inform attendees who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their statements, if such statements are available in writing.*
9. *Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or shareholders for submission at the General Shareholders’ Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders’ Meeting and that for such reason cannot be delivered in written form to all attendees. Copies of the directors’ reports and other documentation relating to the proposed resolutions shall also be made available to them.”*

C.- Amendment of Title V (Conduct of the General Shareholders’ Meeting).

To amend the articles currently making up Title V of the Regulations for the General Shareholders’ Meeting, which shall hereafter read as follows:

“TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS’ MEETING

Article 25. Opening of the Premises and Monitoring Access Thereto

1. *In the place and on the day provided in the announcement for the holding of the General Shareholders’ Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their proxy representatives must present their respective verification documents to the personnel in charge of the registration of attendees.*

Once registration has closed, shareholders or proxy representatives arriving late at the place where the General Shareholders’ Meeting is held may attend the

meeting as invitees (in the room where the meeting is held or, if so decided by the chair of the General Shareholders' Meeting, in an adjoining room from where they can follow the meeting).

- 2. In the event that a second call is made due to the failure to attend of the number of shareholders legally required to hold the General Shareholders' Meeting upon first call, such circumstance shall be properly recorded in the minutes of the General Shareholders' Meeting.*

Article 26. Presiding Committee, Chair, and Secretary

- 1. The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and of the other members of the Board of Directors attending the meeting. Without prejudice to the powers assigned thereto in these Regulations, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in performing the duties entrusted thereto.*
- 2. The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the By-Laws; and in the absence of the foregoing, the person appointed by the Presiding Committee shall serve.*
- 3. The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall serve in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of the foregoing, the person appointed by the Presiding Committee shall serve as secretary for the General Shareholders' Meeting.*
- 4. The provisions of sections 2 and 3 above shall also apply if the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting as regards their situation in the performance of their duties.*
- 5. In addition, the chair of the General Shareholders' Meeting may obtain the assistance of any person the chair deems appropriate.*

Article 27. Duties of the Chairman of the General Shareholders' Meeting

- 1. The chair of the General Shareholders' Meeting, who is responsible for progress of the meeting, shall generally have the powers needed for such purposes*

(including those of order and discipline), and the following powers, among others:

- a) *To call the meeting to order.*
 - b) *To verify that there is a valid quorum for the General Shareholders' Meeting and, if applicable, to declare it to be validly in session.*
 - c) *To take notice of the presence of a notary public, if any, to take the minutes of the meeting as a result of a request made by the Board of Directors for such purpose.*
 - d) *To make decisions regarding questions, requests for clarification, or claims raised with respect to the list of attendees, the identity and the legitimacy of the shareholders and their proxy representatives, the authenticity and integrity of the attendance, proxy, and absentee voting cards or relevant verification instruments, as well as all matters relating to the possible exclusion, suspension, or limitation of voting and related rights and, specifically, to the right to vote pursuant to law and the By-Laws.*
 - e) *To grant the floor to executive directors or officers that the chair deems appropriate in order to address the shareholders at the General Shareholders' Meeting in order to report on the progress of the Company, as well as to present the results, goals, and plans thereof. If the chair of the General Shareholders' Meeting has the status of executive director, such presentation may be made directly thereby, in whole or in part.*
 - f) *To order and direct the progress of the meeting in accordance with the powers set forth in article 36 below. To indicate the time for voting, establish voting systems and procedures, and determine the system for counting and calculating the votes.*
 - g) *To temporarily suspend the General Shareholders' Meeting and propose the continuation thereof.*
 - h) *To bring the meeting to a close.*
2. *The chair of the General Shareholders' Meeting, even when present at the meeting, may entrust the management of the debate to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out these duties on behalf of the chair, with the chair having the right to retake them at any time.*
 3. *The chair of the General Shareholders' Meeting may appoint a representative of the Company to make an organised presentation to the General Shareholders' Meeting on those questions or considerations that the Company's shareholders –*

even if they are not in attendance or represented by proxy at the General Shareholders' Meeting— have submitted to the Company through other channels of participation and that the chair of the General Shareholders' Meeting deems appropriate to present.

Such representative may also present other questions raised by those attending the General Shareholders' Meeting who prefer to ask their questions for delivery to the chair.

Article 28. Duties of the Secretary for the General Shareholders' Meeting

1. *The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:*
 - a) *To declare the Presiding Committee to be formed.*
 - b) *To prepare by delegation of the chair the list of attendees, for which purpose the secretary shall have such means and systems as are determined by the chair.*
 - c) *By delegation of the chair, to report to the shareholders at the General Shareholders' Meeting regarding the quorum, stating the number of shareholders present in person or by proxy, with an indication of the percentage of share capital they represent as well as the number of shares represented in person and by proxy, also with the foregoing specification.*
 - d) *To report on those matters that the Board of Directors must report to the shareholders at the General Shareholders' Meeting pursuant to law or the Corporate Governance System.*
 - e) *To draft the minutes of the General Shareholders' Meeting, if applicable.*
 - f) *To exercise, at the direction of the chair of the General Shareholders' Meeting, such powers of order and discipline as are necessary for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.*

Article 29. Establishment of a Quorum

1. *The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the By-Laws, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held upon first or second call.*
2. *Shareholders representing at least two-thirds of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders'*

Meeting, and shareholders representing at least sixty per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of article 21.2 of the By-Laws.

3. *The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.*
4. *If the attendance of shareholders representing a particular minimum percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the Corporate Governance System in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy at the time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat shall limit themselves to deliberating on those items on the agenda that do not require such percentage of share capital or the consent of such shareholders.*

Article 30. List of Attendees

1. *Prior to beginning with the agenda for the meeting, the secretary shall prepare a list of attendees, which shall specify those attending as shareholders and those attending as proxy-holders, as well as the number of their own or other shares with which each one is attending. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to which capital corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Corporate Governance System.*
2. *The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair.*
3. *If the meeting takes place in different places pursuant to the provisions of these Regulations, the list of attendees shall also include the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.*
4. *The list of attendees shall be attached to the minutes of the General Shareholders' Meeting.*

Article 31. Shareholder Presentation Requests Identification

Shareholders desiring to address the General Shareholders' Meeting must so request the Office of the Shareholder or to whomever is indicated for such purposes prior to the commencement of the meeting and, and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.

Article 32. Reports

- 1. Once the list of attendees has been prepared and they have been informed regarding the publications of the announcement of the call to meeting, there shall be a presentation of any relevant reports by the executive directors or senior officers or persons designated for such purpose by the Board of Directors. In particular, the shareholders shall be informed of the main aspects highlighted in the Annual Corporate Governance Report regarding corporate governance, emphasising the changes that have occurred since the last General Shareholders' Meeting and any non-compliance with corporate governance recommendation that the Company has described in said report.*
- 2. If the annual accounts have qualifications, the Board of Directors may resolve that the chair of the Audit and Compliance Committee and the Company's auditor explain them to the shareholders at the General Shareholders' Meeting.*

Article 33. Ratification, if Appropriate, of the Quorum for the General Shareholders' Meeting

- 1. Prior to the commencement of the presentation period, the chair of the General Shareholders' Meeting, or the secretary by delegation therefrom, shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and shares in attendance at the meeting, with an indication of the share capital that such shares represent.*
- 2. Once this information has been publicly announced, the chair of the General Shareholders' Meeting shall, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.*
- 3. If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, taking notice of the request to prepare the minutes of the meeting.*

4. *If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders' Meeting and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital represented in person and by proxy.*

Article 34. Shareholder Presentation Period

1. *Presentations by the shareholders or their proxy representatives shall occur in the order in which they are called by the secretary. No shareholder or proxy-holder may make a presentation without having been granted the floor or to decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.*
2. *Shareholders or their proxy representatives must make reasonable use of their presentation right with respect to both the duration thereof, which shall be a maximum of five minutes, without prejudice to the chair's powers to limit or extend them, as well as the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings and the other attendees. If the number of presentations requested or other circumstances so advise, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the principles of equal treatment and non-discrimination among the presenting shareholders.*
3. *At the time of their accreditation, those shareholders or their proxy representatives who so desire may deliver the text of their presentation to the Office of the Shareholder in order to obtain a photocopy and thus facilitate the meeting proceedings and the preparation of the minutes. This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In this case, the Office of the Shareholder shall deliver the text to the secretary or to the notary public, if any, in order for it to be compared with the shareholder's presentation.*
4. *In addition, during the shareholder presentation period, the representative of the Company appointed by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions for delivery to the chair.*

Article 35. Right to Receive Information during the General Shareholders' Meeting

1. *During the presentation period, shareholders or their proxy representatives may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of article 31 above.*
2. *The Company provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except as provided by section 4 of article 15 above and without prejudice to the provisions of section 5 thereof.*
3. *The information or clarifications requested shall be provided by the chair or by any other person designated thereby.*
4. *If it is not possible to respond to the request for information, clarification or request during the proceedings, the response shall be sent in writing within the next seven days.*
5. *A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting.*

Article 36. Order of Shareholder Presentations, Requests, and Proposals

1. *The powers to make presentations and requests for information shall only be exercised once. During the presentation period, the presenting party may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which they should have been available to the shareholders at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, they are excluded by law, or they breach the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide upon without such resolutions appearing on the agenda of the call to meeting.*
2. *In the exercise of the chair's powers to order the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:*

- a) *Extend the time initially allocated to each presenting party, when the chair deems it appropriate.*
 - b) *Decide the order in which answers will be provided and whether such answers will be given following each presentation or collectively and, if appropriate, in summarised form after the last presentation.*
 - c) *End the shareholder presentation period.*
 - d) *Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.*
 - e) *Call the presenting parties to order so that they limit their presentation to business properly before the General Shareholders' Meeting and refrain from making improper statements or exercising their right of presentation in an abusive or obstructionist manner.*
 - f) *Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding sub-section, withdraw the floor therefrom.*
 - g) *Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.*
3. *The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.*
4. *The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda for the meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section, the procedure established in letter b) of article 40.2 of these Regulations shall apply, without prejudice to the chair's ability to decide on the use of other procedures or alternative voting systems.*

Article 37. Temporary Suspension

1. *In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders' Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair may adopt such additional measures as the chair deems appropriate to ensure the safety of the attendees and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.*
2. *Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair shall consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved, the chair shall immediately adjourn the meeting.*

Article 38. Continuation

1. *Upon good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair, of the majority of the directors attending the meeting, or of a number of shareholders representing at least twenty-five per cent of the share capital present. The General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.*
2. *Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the Corporate Governance System in subsequent sessions for them to be validly held. The quorum needed to adopt resolutions shall be determined based on the results of the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of article 41.3."*

D.- Amendment of Titles VI (Voting and Adoption of Resolutions), VII (Closure and Minutes of the Meeting) and VIII (Subsequent Acts).

To amend the articles currently making up Titles VI, VII, and VIII of the Regulations for the General Shareholders' Meeting, which shall hereafter read as follows:

“TITLE VI. VOTING AND ADOPTION OF RESOLUTIONS

Article 39. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting

1. *Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person and the security of the electronic communications are assured. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.*
2. *In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card issued in their favour by the corresponding entity, setting forth thereon the direction of their vote, their abstention, or their blank vote, and the direction of the vote in these cases.*
3. *Votes by electronic correspondence shall be cast using a recognised electronic signature or using the personal passwords referred to in letter c of article 19.2 above or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.*
4. *Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.*
5. *The absentee voting referred to in this article shall be rendered void:*
 - a) *By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.*
 - b) *By attendance at the meeting of the shareholder casting the vote.*
 - c) *If the shareholder validly grants a proxy within the established period after the date of casting the absentee vote.*
6. *If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.*

7. *As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant proxy representation through any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.*
8. *The Board of Directors is authorised to develop the appropriate rules, means, and procedures to organise the casting of votes and the grant of proxies by electronic means.*

Specifically, the Board of Directors may: establish rules for the use of personal passwords and other guarantees other than electronic signatures for casting electronic votes or by other valid means of distance communication and to grant proxies by electronic correspondence. It may also the advance period of twenty-four hours established for receipt by the Company of absentee votes and proxies granted by postal or electronic correspondence, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept absentee votes and proxies received after such period, to the extent permitted by the means available.

The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The Shareholder's Guide and other implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.

The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes (particularly the attendance, proxy, and absentee voting card or verification document or instrument for attendance or proxy-granting), as well as the validity and effectiveness of the instructions received through brokers, representatives, or depositaries of shares, all in accordance with the provisions set forth in the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.

Article 40. Voting on Proposed Resolutions

1. *Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these Regulations, the proposed resolutions regarding matters included in the agenda of the call to meeting and any others that pursuant to law may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Corporate Governance System, shall be submitted to a vote.*

The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. In any event, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the By-Laws, that of each article or autonomous group of articles, and (iii) those matters for which this is provided in the Corporate Governance System.

The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. Unless the chair of the General Shareholders' Meeting decides to proceed otherwise, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be withdrawn and therefore not be voted upon.

2. *As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:*
 - a) *In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank, or abstain, stating so for the record to the notary public or the assistants thereto (or, in the absence thereof, to the secretary for the General Shareholders' Meeting) for note thereof to be taken in the minutes of the meeting, shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their*

withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting), shall be deemed votes in favour.

- b) *In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank, or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.*
3. *If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.*
4. *Furthermore, so long as the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes and cast them in different directions in accordance with the instructions given by such clients.*

Article 41. Approval of Resolutions and Announcement of Voting Results

1. *The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the majorities required by law or the By-Laws. Each voting share, whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in article 28 of the By-Laws, other instances in which the By-Laws provide for the suspension of voting rights, or the restrictions established by law.*
2. *Except in cases in which the law or the By-Laws require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a*

resolution being deemed adopted when it receives more votes in favour than against.

For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present, or represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the By-Laws, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.

3. *Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders or their proxy representatives may desire to make to the notary public or to the assistants thereto or, if applicable, to the secretary for the General Shareholders' Meeting, regarding the direction of their vote for recording in the minutes of the meeting.*
4. *Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes cast, the number of votes in favour and against each resolution, and the number of abstentions and votes in blank, if any.*

TITLE VII. CLOSURE AND MINUTES OF THE MEETING

Article 42. Closure

Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders' Meeting, the General Shareholders' Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.

Article 43. Minutes

1. *The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen days by*

the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.

2. *Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the chair. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the By-Laws.*
3. *In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not require approval.*

TITLE VIII. SUBSEQUENT ACTS

Article 44. Publication of Resolutions

1. *Without prejudice to registration at the Commercial Registry of recordable resolutions or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission, by means of a notice of significant event (hecho relevante), the literal text or a summary of the contents of the resolutions approved at the General Shareholders' Meeting.*
2. *The text of the resolutions adopted and the voting results shall be published in full on the Company's corporate website within five days of the end of the General Shareholders' Meeting*
3. *Furthermore, at the request of any shareholder or their representative at the General Shareholders' Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes."*

* * *

Bilbao, 17 February 2015



**ANNEX TO THE REPORT REGARDING THE PROPOSED AMENDMENTS
OF THE COMPANY'S REGULATIONS FOR THE GENERAL
SHAREHOLDERS' MEETING INCLUDED IN ITEM NINE**

REGULATIONS FOR THE GENERAL SHAREHOLDERS' MEETING	REGULATIONS FOR THE GENERAL SHAREHOLDERS' MEETING
PRELIMINARY TITLE	PRELIMINARY TITLE
Article 1. Purpose	Article 1. Purpose
<p>1. The Regulations for the General Shareholders' Meeting of Iberdrola, S.A. (the "Company") are intended to develop the basic rules for the call, preparation, and holding of the Company's General Shareholders' Meeting in accordance with applicable legal provisions, the By-Laws, and the good governance recommendations generally recognised in international markets, in order to ensure the equal treatment of all shareholders in the same situation with respect to information, presentations, and the exercise of voting rights at the General Shareholders' Meeting and to facilitate the effective participation by the shareholders thereat, in order to contribute to the transparent and informed articulation of corporate decisions, with particular attention to the exercise of the rights to which they are entitled for such purpose, which in any case must be exercised in good faith and transparently within the framework of the corporate interest of the Company.</p>	<p>1. <u>The Regulations for <i>the General Shareholders' Meeting</i> (the "<i>Regulations</i>") contain the principles for <u>conducting</u> the General Shareholders' Meeting of Iberdrola, S.A. (the "Company") <u>are intended to develop</u> <u>IBERDROLA, S.A. (the "Company")</u>, <u>as well as</u> the basic rules for the call, preparation, and holding of the Company's <u>thereof</u>.</u></p>
<p>2. These Regulations form part of the Corporate Governance System, which is made up of the By-Laws, the Corporate Policies, the internal corporate governance rules, and the other internal codes and procedures approved by the appropriate decision-making bodies of the Company.</p>	<p>2. <u>The Regulations seek to achieve greater transparency, efficiency, and impetus to the functions of deliberation and decision-making by the shareholders at the</u> General Shareholders' Meeting in accordance with applicable legal provisions, the By-Laws, and the good governance recommendations generally</p>



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	<p>recognised in international markets, in order to ensure the, to guarantee equal treatment of all shareholders in the same situation with respect to information, presentations,<u>participation</u> and the exercise of voting rights at the General Shareholders' Meeting, and to facilitate the effective participation by the shareholders thereat, in order to contribute to the transparent and informed articulation of corporate decisions, with particular attention to the exercise of the rights to which they are entitled for such purpose, which in any case must be exercised in good faith and transparently within the framework of the corporate interest<u>particularly to promote the maximum participation of the shareholders and their involvement in the life</u> of the Company.</p>
	<p>3. 2. These Regulations form part of the Corporate Governance System, which is made up of the By-Laws, the Corporate Policies, the internal corporate governance rules, and the other internal codes and procedures approved by the appropriate decision-making bodies of the Company. The recommendations on good governance generally recognised in the international markets have been taken into account in the preparation hereof.</p>
Article 2. Scope of Application	Article 2. Scope of Application <u>and Effectiveness</u>
	<p><u>1. These Regulations shall apply to all General Shareholders' Meetings held by the Company.</u></p>

<p>These Regulations shall apply to all General Shareholders' Meetings held by the Company. They shall have indefinite duration and shall become effective upon the first General Shareholders' Meeting to be called after the meeting at which it is resolved that they be approved, without prejudice to the rights previously accorded to the shareholders under legal and by-law provisions. The same rules shall apply to any amendment of the Regulations approved by the shareholders at a General Shareholders' Meeting.</p>	<p>2. These Regulations shall apply to all General Shareholders' Meetings held by the Company. They shall have indefinite duration and shall become effective upon the first General Shareholders' Meeting to be called after the meeting at which it is resolved that <u>they these Regulations or any subsequent amendments hereof</u> be approved, without prejudice to the rights previously accorded to the shareholders under legal and by-law provisions. The same rules shall apply to any amendment of the Regulations approved by the shareholders at a General Shareholders' Meeting.</p>
<p>Article 3. Dissemination</p>	<p>Article 3. Dissemination</p>
<p>These Regulations and any amendments hereto shall be communicated to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) and registered with the Commercial Registry (Registro Mercantil) pursuant to applicable rules and regulations. The current text of these Regulations shall be made available on the Company's corporate website.</p>	<p>These <i>Regulations</i> and any amendments hereto shall be communicated to the National Securities Market Commission (<i>Comisión Nacional del Mercado de Valores</i>) and registered with the Commercial Registry (<i>Registro Mercantil</i>) pursuant to applicable rules and regulations. The current text of these <i>Regulations</i> shall be made available on the Company's corporate website.</p>
<p>Article 4. Interpretation</p>	<p>Article 4. <u>Priority and</u> Interpretation</p>
<p>1. These Regulations shall be construed in accordance with the law, the Company's Corporate Governance System, and good governance recommendations generally recognised in international markets, all within the framework of the corporate interest.</p>	<p>1. These <i>Regulations</i> shall be construed<u>further develop and complement legal and by-law provisions applicable to the General Shareholders' Meeting, which shall prevail in the event of contradiction therewith, and shall be interpreted</u> in accordance with the law, the Company's Corporate Governance System, and good governance recommendations generally recognised in international markets, all within the framework of the corporate interest. <u>of which they form a part.</u></p>

<p>2. Any questions that may arise in connection with the interpretation hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Any questions arising in connection with the application and interpretation hereof during the General Shareholders' Meeting shall be settled by the Presiding Committee (Mesa) thereof.</p>	<p>2. Any questions that may arise in connection with the interpretation <u>or application</u> hereof shall be resolved by the Board of Directors, which shall propose such amendments, if any, as it deems appropriate. Any questions arising in connection with the application and interpretation hereof <u>Those that might arise</u> during the General Shareholders' Meeting shall be settled by the Presiding Committee (Mesa) <u>chair</u> thereof.</p>
<p>Article 5. Amendment</p>	<p>Article 5. Amendment</p>
<p>The Board of Directors, and shareholders who individually or collectively hold interests equal to or greater than five (5%) per cent of the share capital of the Company, shall have the right to propose amendments to the Regulations.</p>	<p><u>1.</u> The Board of Directors, and shareholders who individually or collectively hold interests equal to or greater than five (5%) <u>represent at least three</u> per cent of the share capital of the Company, shall have the right to propose amendments to the <i>Regulations</i>.</p>
	<p><u>2.</u> <u>The full text of the proposed amendment and a report providing the rationale therefor prepared by the Board of Directors or by the shareholders making the proposal shall be made available to the shareholders at the time of the call to the General Shareholders' Meeting at which the decision is to be made regarding the aforementioned proposal.</u></p>
	<p><u>Article 6. Shareholder's Guide, Rules of Implementation, and Management Framework for the General Shareholders' Meeting</u></p>
	<p><u>1.</u> <u>In order to promote and facilitate the informed participation of the shareholders, upon the call to the General Shareholders' Meeting the Board of Directors shall make available thereto a <i>Shareholder's Guide</i> that clearly explains the most significant aspects regarding the operation thereof and the procedures</u></p>

	<u>established for the exercise of their rights at the General Shareholders' Meeting.</u>
	<u>2. The Board of Directors may approve rules of implementation that systematise, adapt, and specify the provisions of the Corporate Governance System regarding the General Shareholders' Meeting and the rights of the shareholders related thereto, within the framework of the corporate interest.</u>
	<u>3. The Board of Directors shall also entrust to the secretary thereof the preparation and ongoing update of a management framework to coordinate and facilitate the monitoring of all activities necessary for the planning, preparation, call, holding and formalisation of the resolutions at each General Shareholders' Meeting.</u>
TITLE I. FUNCTION, TYPES, AND POWERS	TITLE I. FUNCTION, TYPES, AND POWERS
Article 6. Function and Types	Article 6.7. Function and Types
1. The group of all duly convened shareholders meeting at a General Shareholders' Meeting to debate and decide by the required majorities those matters within their power, or to be informed of those other matters that the Board of Directors deems appropriate, constitutes the sovereign decision-making body of the Company. The decisions thereof are binding upon all shareholders, including those who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights such shareholders may have to challenge such decisions.	1. The group <u>of General Shareholders' Meeting is the principal channel for participation of the shareholders within the Company and its sovereign decision-making body, wherein</u> all duly convened shareholders meeting at a General Shareholders' Meeting <u>meet</u> to debate and decide by the required majorities those matters within their power, or to be informed of those other matters that the Board of Directors deems appropriate, constitutes the sovereign decision-making body of the Company. The decisions thereof are binding upon all shareholders, including those who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights such shareholders may have to challenge such decisions <u>or the shareholders deem</u>

	<u>appropriate upon the terms provided by law and the Corporate Governance System.</u>
	<u>2. Decisions of the shareholders at a General Shareholders' Meeting bind all shareholders, including shareholders who are absent, vote against, abstain from voting, vote in blank, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.</u>
	<u>Article 8. Types</u>
2. A General Shareholders' Meeting may be annual or extraordinary.	<u>1.</u> 2. —A General Shareholders' Meeting may be annual or extraordinary.
3. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review corporate management, approve the accounts for the prior financial year, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matters appear on the agenda of the call to meeting or are legally appropriate and that shareholders with the required share capital are in attendance at the General Shareholders' Meeting.	<u>2.</u> 3. —The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review <u>approve the</u> corporate management, approve the <u>annual</u> accounts for the prior financial year, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matters appear on the agenda of the call to meeting or are legally appropriate and that shareholders with the required share capital are in attendance at <u>quorum for</u> the General Shareholders' Meeting <u>has been formed for such purpose.</u>
4. Any General Shareholders' Meeting not provided for in the preceding section shall be deemed to be an Extraordinary General Shareholders' Meeting.	<u>3.</u> 4. —Any General Shareholders' Meeting not provided for in the preceding section shall be deemed to be an Extraordinary General Shareholders' Meeting.
Article 7. Powers	Article 7.<u>9.</u> Powers
1. The shareholders at a General Shareholders' Meeting shall decide the	1. —The shareholders <u>acting</u> at a General Shareholders' Meeting shall

matters assigned thereto by law, the By-Laws, and these Regulations, and particularly regarding the following:	decide the matters assigned thereto by law, the <i>By-Laws</i> , and <u>or</u> these <i>Regulations</i> , and particularly <u>in any case</u> regarding the following:
a) The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.	a) — The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.
	<u>A) With respect to the Board of Directors and the directors:</u>
b) The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.	<u>f)</u> b) — The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
c) The appointment, re-election, and removal of the auditors.	e) — The appointment, re-election, and removal of the auditors.
	<u>g) The approval of the establishment and application of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.</u>
	<u>h) Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.</u>
	<u>i) The exercise of derivative liability actions against directors.</u>
	<u>B) With respect to the annual accounts and corporate management:</u>
	<u>a) The approval of the individual annual accounts of the Company and of the annual accounts of the Company consolidated with those of its</u>

	<u>subsidiaries.</u>
	<u>b) The allocation of profits/losses.</u>
	<u>c) The approval of corporate management.</u>
	<u>B) With respect to amendments to the Corporate Governance System:</u>
d) The amendment of the By-Laws.	<u>a) d)—The amendment of the By-Laws.</u>
	<u>b) The approval and amendment of these Regulations.</u>
	<u>c) The approval of the director remuneration policy upon the terms provided by law.</u>
	<u>C) With respect to an increase or reduction in share capital, acquisition of own shares, and issue of debentures convertible into shares:</u>
	<u>a) An increase or reduction in share capital.</u>
e) An increase or reduction in share capital, as well as the delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.	<u>b) e)—An increase or reduction in share capital, as well as theThe delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.</u>
	<u>c) The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation, in whole or in part, or may refrain from using it, in view of market conditions or the condition of</u>

	<u>the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</u>
f) The exclusion or limitation of pre-emptive rights.	d) <u>f)</u>— The exclusion or limitation of pre-emptive rights.
g) The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.	e) <u>g)</u>— The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.
h) The dissolution of the Company.	f) <u>h)</u>— The dissolution of the Company.
i) The approval of the final liquidating balance sheet.	g) <u>i)</u>— The approval of the final liquidating balance sheet.
j) The approval of the establishment of systems for remuneration of the Company's directors and senior officers, consisting of the delivery of shares or of rights therein or remuneration that takes as its reference the value of the shares.	h) <u>j)</u>— The approval of the establishment of systems for remuneration of the Company's directors and senior officers, consisting of the delivery of shares or of rights therein or remuneration that takes as its reference the value of the shares. <u>The authorisation for the derivative acquisition of the Company's own shares.</u>
k) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them.	i) <u>k)</u>— The issuance of debentures and other negotiable securities <u>that are convertible into shares or that give the right to subscribe therefor,</u> and the delegation to the Board of Directors of the power to issue them <u>as well as the power to exclude or limit pre-emptive rights, upon the terms established by law¹.</u>
l) The authorisation for the derivative acquisition of the Company's own	l) <u>l)</u>— The authorisation for the derivative acquisition of the

¹ Note: subject to approval of the Business Financing Promotion Act (Ley de Fomento de la Financiación Empresarial), which amends section 406 of the Companies Act (Ley de Sociedades de Capital) upon terms similar to the bill currently before the Parliament.

shares.	Company's own shares.
m) The approval and amendment of the Regulations for the General Shareholders' Meeting.	m) The approval and amendment of the Regulations for the General Shareholders' Meeting.
	<u>D) With respect to structural changes of the Company and functionally similar operations:</u>
	<u>a) The transformation of the Company</u>
	<u>b) The merger or split-off of the Company upon the terms provided by law.</u>
	<u>c) The overall assignment of assets and liabilities.</u>
	<u>d) The transfer of the registered office abroad.</u>
n) The transformation of the Company into a holding company, through "subsidiarisation" or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities.	e) n) The transformation of the Company into a holding company, through "subsidiarisation" or the assignment to dependent <u>The transfer to controlled entities of core activities theretofore that were previously carried out by the Company itself, even though the Company if it retains full control ownership of such entities.</u>
o) The approval of the acquisition or disposition of essential operating assets when they involve an effective change in the object of the Company.	f) e) The approval of the acquisition, transfer, or disposition of essential operating assets when they involve an effective change in the object of the Company. <u>contribution of key assets from or to another company.</u>
	<u>E) With respect to auditors:</u>
	<u>a) The appointment, re-election, and removal of the auditors.</u>
	<u>b) The exercise of derivative liability actions against the auditors.</u>
	<u>F) With respect to the dissolution</u>

	<u>and liquidation of the Company.</u>
	a) <u>The dissolution of the Company.</u>
	b) <u>The appointment and removal of the liquidators.</u>
	c) <u>The approval of the final liquidating balance sheet.</u>
	d) <u>The exercise of derivative liability actions against the liquidators.</u>
p) The approval of transactions having an effect equivalent to liquidation of the Company.	e) p) <u>The approval of transactions having an effect equivalent to liquidation of the Company.</u>
2. The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their power pursuant to law or the Company's Corporate Governance System.	1) 2. <u>The shareholders acting at a General Shareholders' Meeting shall also decide any other matter submitted to them by the Board of Directors or by the shareholders in the instances provided by law or that is within their power pursuant to law or the Company's Corporate Governance System.</u>
3. The shareholders acting at a General Shareholders' Meeting may also decide, by way of a consultative vote, on the annual director remuneration report, or on any other reports or proposals submitted by the Board of Directors.	2) 3. <u>The shareholders acting at a General Shareholders' Meeting may <u>shall</u> also decide, by way of a consultative vote, on the annual director remuneration report, or <u>and may also make a pronouncement</u> on any other reports or proposals submitted by the Board of Directors.</u>
TITLE II. CALL TO THE GENERAL SHAREHOLDERS' MEETING	TITLE II. CALL TO THE GENERAL SHAREHOLDERS' MEETING
Article 8. Requirements of the Call to Meeting	Article 8. Requirements of the 10. Call to <u>the General Shareholders' Meeting</u>
1. Pursuant to the provisions of the By-Laws, the General Shareholders' Meeting must be formally called by the Board of Directors through an announcement published as much in advance as required by law.	1. Pursuant to the provisions of the By-Laws, the <u>The</u> General Shareholders' Meeting must <u>shall</u> be formally called by the Board of Directors through an announcement published as much in advance as required by law.

The announcement of the call to meeting shall be disseminated through the following media, at a minimum:	The announcement of the call to meeting shall be disseminated through the following media, at a minimum:
a) The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.	a) The Official Bulletin of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.
b) The website of the National Securities Market Commission.	b) The website of the National Securities Market Commission.
c) The Company's corporate website.	e) The Company's corporate website.
2. The Board of Directors must call a General Shareholders' Meeting in the following events:	2. The Board of Directors must call <u>at the</u> General Shareholders' Meeting in the following events:
a) In the event set forth in article 6.3 above.	a) a) In the event set forth in article 6.3 <u>8.2</u> above.
b) If the meeting is requested, in the manner provided by law, by shareholders holding or representing at least five (5%) per cent of the share capital, which request sets forth the matters to be addressed. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors shall prepare the agenda of the call, which must include the matters specified in the request.	b) b) If the meeting is requested, in the manner provided by law, by shareholders holding or representing <u>who individually or collectively represent</u> at least five (5%) <u>three</u> per cent of the share capital, which request sets forth the matters to be addressed. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors shall prepare the agenda of the call, which must include the matters specified in the request.
c) When a takeover bid is made for the securities of the Company, in order to report to the shareholders regarding such takeover bid and to deliberate and decide upon the matters submitted for their consideration. Any shareholder or shareholders holding voting shares representing at least one (1%) per cent of share capital shall have the right to request	c) e) When a takeover bid is made for the securities of the Company, in order to report to the shareholders regarding such takeover bid <u>at the General Shareholders' Meeting</u> and to deliberate and decide upon the matters submitted for their consideration. Any shareholder or shareholders holding voting shares representing at least one (1%) per cent of

the inclusion of matters in the agenda of the call to the General Shareholders' Meeting that must be called for this purpose.	share capital shall have the right to request the inclusion of matters in the agenda of the call to the General Shareholders' Meeting that must be called for this purpose.
	<u>3) The Board of Directors may request the presence of a notary public to assist with and draw up the minutes of the General Shareholders' Meeting. In any event, the Board must request the presence of a notary public under the circumstances provided by law.</u>
	<u>Article 11. Announcement of Call to Meeting and Agenda</u>
	<u>1) The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:</u>
	<u>a) The Official Gazette of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>) or one of the more widely circulated newspapers in Spain.</u>
	<u>b) The website of the National Securities Market Commission.</u>
	<u>c) The Company's corporate website.</u>
3. The announcement of the call to meeting must contain all statements required by law in each case and must set forth:	<u>2) 3.—The announcement of the call to meeting must contain all statements required by law in each case and must set forth:</u>
a) The day, place, and time of the meeting upon first call and all matters to be dealt with.	<u>a) a)—The day, place, and time of the meeting upon first call and <u>the agenda, with a statement of</u> all matters to be dealt with.</u>
b) A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General	<u>b) b)—A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual</u>

Shareholders' Meeting, submit well-founded proposals for resolutions, or exercise their rights to receive information, to cast an absentee vote, and to grant a proxy, upon the terms provided by law.	General Shareholders' Meeting, submit well-founded proposals for resolutions, or exercise their rights to receive information, to cast an absentee vote, and to grant a proxy, upon the terms provided by law.
c) The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.	c) _____ e) The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.
d) Where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, auditors, and independent experts to be submitted and the complete text of the proposed resolutions that are expected to be adopted.	d) _____ d) Where <u>A statement of where</u> and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, <u>of the</u> auditors, and <u>of the</u> independent experts to be submitted and the complete text of the proposed resolutions that are expected to be adopted. <u>submitted to the shareholders at the General Shareholders' Meeting for adoption.</u>
e) The address of the Company's corporate website.	e) _____ e) The address of the Company's corporate website.
	f) _____ <u>The attendance bonus that the Board of Directors may resolve to pay to shareholders appearing at the General Shareholders' Meeting in accordance with the policy approved for such purpose.</u>
The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed upon second call, if applicable.	The announcement may also set forth the date on which the General Shareholders' Meeting shall proceed upon second call, if applicable.
	3) _____ <u>The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting.</u>

	<u>unless otherwise provided by law.</u>
	<u>Article 12. Supplement to the Call to Meeting and Submission of Well-founded Proposed Resolutions</u>
4. Shareholders representing at least five (5%) per cent of the share capital may:	1) <u>Shareholders</u> representing who <u>individually or collectively represent</u> at least five (5%) <u>three</u> per cent of the share capital may:
a) Request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution.	a) _____ a) Request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution.
b) Submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to the General Shareholders' Meeting. The Company shall ensure the dissemination to the other shareholders of such proposed resolutions and any documentation attached thereto in accordance with the provisions of law.	b) _____ b) Submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to the General Shareholders' Meeting. The Company shall ensure the dissemination to the other shareholders of such proposed resolutions and any documentation attached thereto in accordance with the provisions of law.
The written notice of the exercise of such rights shall specify the name or corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences the status thereof as shareholder, in order for such information to be checked against that provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as the contents of the item or items proposed. Under the circumstances set forth in letter a), the Board of Directors may require that the shareholder also attach the proposed	The written notice of the exercise of such rights shall specify the name or <u>the</u> corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences the status thereof as shareholder, in order for such information to be checked against that provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as the contents of the item or items proposed. Under the circumstances set forth in letter a), the Board of Directors may require that the

<p>resolution or resolutions and, if legally required, in the instances set forth in letters a) and b), the report or reports providing a rationale for the proposals.</p>	<p>shareholder also attach the proposed resolution or resolutions and, if legally required, in the instances set forth in letters a) and b), the report or reports providing a rationale for the proposals.</p>
<p>5. The shareholders' rights mentioned in sub-sections 2.b), 2.c), and 4 above must be exercised by duly authenticated notice sent to the Company's registered office and which, in the latter two cases, must be received within five (5) days of the publication of the call to meeting. The supplement to the call to meeting mentioned in such sub-sections must be published within the statutorily prescribed deadline.</p>	<p>2) 5. The shareholders' rights mentioned in sub-sections 2.b), 2.c), and 4 above must be exercised by duly authenticated notice sent to the Company's registered office and which, in the latter two cases, must be received within five (5) days of the publication of the call to meeting. The supplement to the call to meeting mentioned in such sub-sections must be published within the statutorily prescribed deadline. The <u>shareholders' rights mentioned in the preceding section must be exercised by duly authenticated notice sent to the Company's registered office within the periods provided by law.</u></p>
<p>6. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>	<p>6. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</p>
<p>7. The Board of Directors may require that a notary public attend the General Shareholders' Meeting and prepare the minutes thereof. In any event, the Board must request the presence of a notary public under the circumstances provided by law.</p>	<p>7. The Board of Directors may require that a notary public attend the General Shareholders' Meeting and prepare the minutes thereof. In any event, the Board must request the presence of a notary public under the circumstances provided by law.</p>
<p>8. The Board of Directors is authorised to adopt appropriate measures to encourage the participation of shareholders at the General Shareholders' Meeting, including the payment of attendance fees.</p>	<p>8. The Board of Directors is authorised to adopt appropriate measures to encourage the participation of shareholders at the General Shareholders' Meeting, including the payment of attendance fees.</p>

	<p>3) <u>The Company shall publicise the items on the agenda and/or the proposed resolutions submitted in accordance with the preceding sections as soon as possible, within the legally mandated periods, and shall publish a new form of attendance, proxy, and absentee voting card that takes them into account. The Company shall also ensure the dissemination of these proposed resolutions and any documentation attached thereto to the other shareholders, in accordance with the provisions of law.</u></p>
<p>Article 9. Right to Receive Information Prior to the Holding of the General Shareholders' Meeting</p>	<p>Article 9. Right to Receive13. Availability of Information Prior to the Holding of the General Shareholders' Meeting</p>
<p>1. The Company shall comply with the statutorily prescribed obligations to provide information to the shareholders through its corporate website, without prejudice to its right to use any other means for such purpose or to the shareholders' right to request the information in written form pursuant to law.</p>	<p>4. The Company shall comply with the statutorily prescribed obligations to provide information to the shareholders through its corporate website, without prejudice to its right to use any other means for such purpose or to the shareholders' right to request the information in written form pursuant to law. <u>At the time of the call to meeting, the Board of Directors shall make available to the shareholders all information additional to that required by law that it deems appropriate and that contributes to a better understanding by shareholders with respect to the exercise of their rights in connection with the General Shareholders' Meeting and of the matters to be dealt with thereat.</u></p>
<p>2. From the date of publication of the call to the General Shareholders' Meeting</p>	<p>2. From the date of publication of the call to the General Shareholders' Meeting</p>

<p>through and including the seventh day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required, or ask written questions that they deem pertinent, regarding the matters contained in the agenda of the call to meeting. In addition, upon the same prior notice and in the same manner, the shareholders may request information or clarifications or ask written questions regarding information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report.</p>	<p>through and including the seventh day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required, or ask written questions that they deem pertinent, regarding the matters contained in the agenda of the call to meeting. In addition, upon the same prior notice and in the same manner, the shareholders may request information or clarifications or ask written questions regarding information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report.</p>
<p>All such requests for information may be made by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence of such specification, to the Office of the Shareholder (Oficina del Accionista). Requests shall be allowed in which the document by virtue of which the information is requested includes a recognised electronic signature used by the requesting party or other mechanisms that, pursuant to a resolution previously adopted for such purpose, the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder exercising such right to receive information.</p>	<p>All such requests for information may be made by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence of such specification, to the Office of the Shareholder (Oficina del Accionista). Requests shall be allowed in which the document by virtue of which the information is requested includes a recognised electronic signature used by the requesting party or other mechanisms that, pursuant to a resolution previously adopted for such purpose, the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder exercising such right to receive information.</p>
<p>Whatever the means used to issue the requests for information, the request of the shareholder must include the shareholder's</p>	<p>Whatever the means used to issue the requests for information, the request of the shareholder must include the</p>

<p>first and last names, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders' name provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), for the General Shareholders' Meeting in question. The shareholder shall be responsible for maintaining proof of delivery of the request to the Company as and when due.</p>	<p>shareholder's first and last names, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders' name provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), for the General Shareholders' Meeting in question. The shareholder shall be responsible for maintaining proof of delivery of the request to the Company as and when due.</p>
<p>3. The Board of Directors shall be required to provide the information requested pursuant to the preceding sections in the form and within the period provided by law and the Company's Corporate Governance System, except in cases in which:</p>	<p>3. The Board of Directors shall be required to provide the information requested pursuant to the preceding sections in the form and within the period provided by law and the Company's Corporate Governance System, except in cases in which:</p>
<p>a) It is requested by shareholders representing less than twenty-five (25%) per cent of the share capital and publication thereof may, in the opinion of the chairman, prejudice the corporate interest.</p>	<p>a) It is requested by shareholders representing less than twenty-five (25%) per cent of the share capital and publication thereof may, in the opinion of the chairman, prejudice the corporate interest.</p>
<p>b) The request for information or clarification does not refer to matters included in the agenda of the call to meeting or information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting.</p>	<p>b) The request for information or clarification does not refer to matters included in the agenda of the call to meeting or information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting.</p>
<p>c) The requested information or clarification is improper, untimely, or unnecessary to form an opinion regarding the matters submitted to the shareholders at the General Shareholders' Meeting, or is deemed abusive for any reason or contrary to the principle of equal treatment</p>	<p>e) The requested information or clarification is improper, untimely, or unnecessary to form an opinion regarding the matters submitted to the shareholders at the General Shareholders' Meeting, or is deemed abusive for any reason or contrary to the principle of equal</p>

or to the rights or interests of other shareholders.	treatment or to the rights or interests of other shareholders.
d) Legal or regulatory provisions provide otherwise.	d) Legal or regulatory provisions provide otherwise.
4. The Board of Directors may authorize any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.	4. The Board of Directors may authorize any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.
5. When the shareholders are to deal with an amendment to the By-Laws, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.	<u>5.</u> 5. When the shareholders are to deal with an amendment to the <i>By-Laws</i> , besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.
6. In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.	<u>6.</u> 6. In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.
	<u>Article 14. Corporate Website</u>
	<u>5.</u> <u>The Company shall use its corporate website to promote the informed participation of all shareholders at the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.</u>

<p>7. From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company's corporate website shall continuously publish such information as is deemed appropriate to facilitate the attendance of the shareholders at the General Shareholders' Meeting and their participation therein, including at least the following:</p>	<p><u>6.</u> 7. From the date of publication of the announcement of the call to meeting through the date of holding of the General Shareholders' Meeting in question, the Company's corporate website shall continuously publish such information as is <u>required by law or deemed appropriate to facilitate and promote</u> the attendance <u>and participation</u> of the shareholders at the General Shareholders' Meeting and their participation therein, including at least <u>in any case</u> the following:</p>
<p>a) The announcement of the call to the General Shareholders' Meeting.</p>	<p><u>a)</u> a) The announcement of the call to the General Shareholders' Meeting.</p>
<p>b) The total number of shares and voting rights on the date of the announcement of the call to meeting, broken down by classes of shares, if any.</p>	<p><u>b)</u> b) The total number of shares and voting rights <u>existing</u> on the date of the announcement of the call to meeting, broken down by classes of shares, if any.</p>
<p>c) Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of directors, auditors, and independent experts that are expected to be submitted, proposals for resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.</p>	<p><u>c)</u> e) Such documents relating to the General Shareholders' Meeting as are required by law, including the reports of directors, <u>the</u> auditors, and <u>the</u> independent experts that are expected to be submitted, proposals for <u>proposed</u> resolutions submitted by the Board of Directors or by the shareholders, and any other relevant information that the shareholders might need in order to cast their vote.</p>
<p>In the event that the shareholders acting at a General Shareholders' Meeting must deliberate on the appointment, re-election,</p>	<p><u>d)</u> In the event that the shareholders acting at a General Shareholders'</p>

<p>or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; indication of the type of director such person is in each case, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or with which the director has ties; date of the director's first and subsequent appointments as director of the Company; and shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder.</p>	<p>Meeting must deliberate on the appointment, re-election, or ratification of directors, the corresponding proposed resolution shall be accompanied by the following information: professional profile and biographical data of the director; other boards of directors on which the director holds office, at listed companies or otherwise; indication of the type of director such person is in each case <u>or should be</u>, with mention, in the case of proprietary directors, of the shareholder that proposes or proposed the appointment thereof or <u>who the director represents or</u> with which the director has <u>maintains</u> ties; date of the director's first and <u>any</u> subsequent appointments as director of the Company; and shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which such director is the holder; <u>the report prepared by the Board of Directors and the proposal of the Appointments and Remuneration Committee in the case of independent directors, and the report of the Committee in other cases.</u></p>
<p>d) The existing channels of communication between the Company and the shareholders and, in particular,</p>	<p>e) d) The existing channels of communication between the Company and the</p>

<p>explanations pertinent to the exercise of a shareholder's right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.</p>	<p>shareholders and, in particular, explanations pertinent to the exercise of a shareholder's<u>the</u> right to receive information, indicating the postal and e-mail addresses to which the shareholders may direct their requests.</p>
<p>e) The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy, and absentee voting card, if any.</p>	<p><u>f)</u> e)—The means and procedures for granting a proxy to attend the General Shareholders' Meeting and for casting absentee votes, including the form of attendance, proxy, and absentee voting card, if any.</p>
	<p><u>g)</u> <u>The annual reports that the Board of Directors has approved regarding corporate social responsibility.</u></p>
	<p><u>h)</u> <u>The report on the independence of the auditor prepared by the Audit and Risk Supervision Committee.</u></p>
	<p><u>i)</u> <u>The activities reports or integrated activities report of the consultative committees of the Board of Directors.</u></p>
<p>8. The Company shall use its best efforts to include in its corporate website, beginning on the date of the announcement of the call to meeting, an English version of the information and the principal documents related to the General Shareholders' Meeting in order to facilitate shareholders' attendance and participation therein. In the event of such inclusion within the corporate website, the Spanish version of the aforementioned</p>	<p><u>7.</u> 8.—The Company shall use its best efforts to include in its corporate website, beginning on the date of the announcement of the call to meeting, an English version of the information and the principal documents related to the General Shareholders' Meeting in order to facilitate shareholders' attendance and participation therein. In the event of such inclusion within the</p>

<p>documents shall prevail in the case of any discrepancy.</p>	<p>corporate website, the Spanish version of the aforementioned documents <u>a discrepancy between the Spanish and English versions, the former</u> shall prevail in the case of any discrepancy.</p>
<p>9. The Board of Directors shall consider the advisability of making available to the shareholders, at the time of the call to meeting, any additional information that contributes to a better understanding by shareholders of the manner of exercising their rights in connection with the General Shareholders' Meeting and of the matters to be dealt with thereat.</p>	<p>9. The Board of Directors shall consider the advisability of making available to the shareholders, at the time of the call to meeting, any additional information that contributes to a better understanding by shareholders of the manner of exercising their rights in connection with the General Shareholders' Meeting and of the matters to be dealt with thereat.</p>
<p>10. On occasion of the call to each General Shareholders' Meeting, the Board of Directors may approve and make available to the shareholders a Shareholder's Guide that systematises, develops, adapts, and specifies the provisions of the Company's Corporate Governance System regarding the holding of the General Shareholders' Meeting and the rights of the shareholders in connection therewith, within the framework of the corporate interest, as well as a form of attendance, proxy, and absentee voting card.</p>	<p>10. On occasion of the call to each General Shareholders' Meeting, the Board of Directors may approve and make available to the shareholders a Shareholder's Guide that systematises, develops, adapts, and specifies the provisions of the Company's Corporate Governance System regarding the holding of the General Shareholders' Meeting and the rights of the shareholders in connection therewith, within the framework of the corporate interest, as well as a form of attendance, proxy, and absentee voting card.</p>
<p>11. Pursuant to the provisions of applicable legislation, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website on occasion of the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to its legal purpose and to the assurances and rules of operation established by the</p>	<p>8. <u>11.</u> Pursuant to the provisions of applicable legislation, an Electronic Shareholders' Forum shall be enabled on the Company's corporate website on occasion of the call to the General Shareholders' Meeting. Duly verified shareholders and shareholder groups may access the Electronic Shareholders' Forum, the use of which shall conform to</p>

Company.	its legal purpose and to the assurances and rules of operation established by the Company.
	<u>Article 15. Requests for Information Prior to the General Shareholders' Meeting</u>
	10. <u>From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.</u>
	11. <u>All such requests for information or questions may be made or asked by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence thereof, to the Office of the Shareholder (<i>Oficina del Accionista</i>). Requests shall be allowed that include the recognised electronic signature of the requesting party, the personal passwords referred to in letter c of article 19.2 below, or that use other</u>

	<p><u>mechanisms that the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder, after an express resolution adopted for such purpose.</u></p>
	<p><u>12. Regardless of the means used, the request must include the shareholder's first and last names or company name, with evidence of the shares owned, in order for this information to be checked against the list of shareholders and the number of shares in the shareholders' name provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (IBERCLEAR) for the General Shareholders' Meeting in question. The shareholder shall be responsible for showing delivery of the request to the Company as and when due.</u></p>
	<p><u>13. The Board of Directors shall be required to provide the information requested pursuant to the two preceding paragraphs in the form and within the periods set forth in the law, in the By-Laws, and in these Regulations, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for <i>ultra vires</i> purposes, or that publication of the information might prejudice the Company or related companies.</u></p>
	<p><u>14. The information requested may not be denied if it is supported by</u></p>

	<u>shareholders representing at least twenty-five per cent of the share capital.</u>
	<u>15. The Board of Directors may authorise any of its members, its secretary, its deputy secretary or deputy secretaries, or any other person it deems appropriate, in order for any of them to respond on behalf of the Board of Directors to shareholder requests for information.</u>
	<u>16. To ensure the equal treatment of all shareholders, valid requests for information, clarification, or requests made in writing by the shareholders and the answers provided in the same form by the Board of Directors or the persons delegated thereby shall be included in the corporate website of the Company.</u>
	<u>17. If, prior to the presentation of a specific question, the information requested is clearly, expressly, and directly available to all shareholders on the corporate website in question/answer format, the answer may consist of a reference to the information provided in such format.</u>
TITLE III. RIGHT TO ATTEND AND PROXY REPRESENTATION	TITLE III. RIGHTS RIGHTS TO ATTEND AND <u>TO</u> PROXY REPRESENTATION
Article 10. Right to Attend	Article 10. Right to Attend <u>16. Participation</u>
	<u>The Board of Directors shall adopt appropriate measures to encourage maximum participation of the</u>

	<u>shareholders at the General Shareholders' Meeting.</u>
	<u>Article 17. Attendance</u>
1. All holders of voting shares may attend the General Shareholders' Meeting, with the right to be heard and to vote.	3. All holders of <u>at least one</u> voting shares <u>share</u> may attend the General Shareholders' Meeting <u>and take part in deliberations thereof</u> , with the right to be heard and to vote.
2. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five (5) days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by the Company.	4. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five (5) days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by the Company, which will be required at each General Shareholders' Meeting based on the systems available to verify the status of the attendees.
Article 11. Other Attendees	Article 11<u>18</u>. Other Attendees
1. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity thereof.	4. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity thereof.
2. Officers, experts, and other persons interested in the efficient running of company affairs may be authorised to attend the General Shareholders' Meeting by the chair thereof. In addition, the chair of the General Shareholders' Meeting may grant the press, financial analysts, and any other person the chair deems appropriate	5. Officers, experts, and other persons interested in the efficient running of company affairs may be authorised to attend the General Shareholders' Meeting by the chair thereof. In addition, the chair of the General Shareholders' Meeting may grant the press <u>The chair of the</u>

<p>access to such General Shareholders' Meeting, although the shareholders acting thereat may revoke such authorisation.</p>	<p><u>General Shareholders' Meeting may authorise the meeting to be attended by officers, employees, and other person with an interest in the orderly conduct of corporate matters, as well as by the media, financial analysts, and any other person the chair deems appropriate</u> access to such General Shareholders' Meeting, although the <u>The</u> shareholders acting thereat <u>at the General Shareholders' Meeting</u> may revoke such authorisation.</p>
	<p><u>6. Personnel from the Office of the Shareholder and the person performing the duties described in article 27.3 below shall also attend the General Shareholders' Meeting.</u></p>
<p>Article 12. Right to Proxy Representation</p>	<p>Article 12.19. Right to Proxy Representation</p>
<p>1. Shareholders may exercise the right to attend the General Shareholders' Meeting personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.</p>	<p>13. Shareholders may exercise the right to attend the General Shareholders' Meeting personally or through proxy representation by another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.</p>
<p>2. Without prejudice to the provisions of law, proxies must be given in writing or by postal or electronic correspondence. When granted by means of postal or electronic correspondence, only those proxies that are granted in the following manner shall be deemed valid:</p>	<p>14. Without prejudice to the provisions of law, proxies must be given in writing or by postal or electronic correspondence. When granted by means of postal or electronic correspondence, only those proxies that are granted in the following manner shall be deemed valid. <u>The proxy may be granted by delivering to the proxy representative the attendance, proxy, and absentee voting card or any other means of</u></p>

	<u>verifying the grant of a proxy that is accepted by the Company, or by any of the following means:</u>
a) By postal correspondence, delivering to the Company the attendance, proxy, and absentee voting card issued or any other means of verifying the grant of a proxy that is accepted by the Company.	a) <u>Advance delivery of the attendance, proxy, and absentee voting card or any other means of verifying the grant of a proxy that is accepted by the Company at the premises provided by the Company on the days announced in the Company's corporate website.</u>
b) By electronic correspondence, through notice to the Company setting forth the details of the proxy being granted and the identity of the shareholder being represented, and using a recognised electronic signature of the shareholder or other type of guarantee that the Company deems best ensures the authenticity and identification of the shareholder granting the proxy.	b) a) By postal correspondence, delivering to the Company the attendance, proxy, and absentee voting card issued <u>Sending the attendance, proxy, and absentee voting card</u> or any other means of verifying the grant of a proxy that is accepted by the Company <u>by postal correspondence addressed to the Company.</u>
	c) b) By electronic correspondence, through notice to the Company setting forth the details of the proxy being granted and the identity of the shareholder being represented, and <u>completing the proxy form available on the Company's corporate website,</u> using a recognised electronic signature of the shareholder or other type of guarantee that the Company deems best ensures <u>proper to ensure</u> the authenticity and identification of the

	shareholder granting the proxy.
	<u>For these purposes, the use of the personal passwords that the Company has previously delivered to the shareholder by postal or electronic correspondence to the address that the shareholder has communicated to the Company or through any other form determined by the Board of Directors shall be deemed to be a proper assurance.</u>
A proxy granted by either of the aforementioned means of long-distance communication must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first or second call, as applicable.	<u>15.</u> A proxy granted by either any of the aforementioned means of long-distance communication <u>means indicated in letters a), b), or c) of the preceding section</u> must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of on <u>which</u> the General Shareholders' Meeting <u>is held</u> upon first <u>call</u> or <u>upon</u> second call, as applicable.
3. The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means, and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.	<u>16.</u> 3.— The Board of Directors is authorised to further develop the foregoing provisions by establishing rules, means, and procedures adjusted to current techniques in order to organise the grant of proxies by electronic means, in each case in accordance with the rules and regulations issued for such purpose.
Specifically, the Board of Directors may establish rules for the use of guarantees other than electronic signatures for the granting of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and allow and authorise the chair of and the secretary for	Specifically, the Board of Directors may establish rules for the use of <u>personal passwords and other</u> guarantees other than electronic signatures for the granting of proxies by electronic correspondence, reduce the advance period established above for receipt by the Company of proxies granted by postal or electronic correspondence, and allow and authorise

<p>the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.</p>	<p>the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.</p>
<p>4. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives, verify the ownership and status of their rights, and recognise the validity of the attendance, proxy, and absentee voting card or the document or instrument evidencing attendance or representation by proxy.</p>	<p><u>17.</u> 4.—The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom<u>from either of them</u>, shall have the broadest powers to verify<u>for verifying</u> the identity of the shareholders and their representatives, verify<u>verifying</u> the ownership and status of their rights, and recognise<u>recognising</u> the validity of the attendance, proxy, and absentee voting card or the document or instrument evidencing attendance or representation by proxy.</p>
<p>5. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>	<p><u>18.</u> 5.—A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>
<p>6. A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.</p>	<p><u>19.</u> 6.—A public solicitation for proxies by the Board of Directors or any of its members shall be governed by the provisions of law and by the corresponding resolution of the Board of Directors, if any.</p>
<p>7. A proxy may cover those matters that the law allows to be dealt with at the</p>	<p><u>20.</u> 7.—A proxy may cover those matters that the law allows to be</p>

<p>General Shareholders' Meeting even when not included in the agenda.</p>	<p>dealt with at the General Shareholders' Meeting even when not included in the agenda.</p>
<p>8. If the proxy has been validly granted pursuant to law and these Regulations but does not include voting instructions or questions arise as to the intended proxy-holder or the scope of the representation, and unless otherwise indicated by the shareholder, it shall be deemed that: the proxy is granted in favour of the chairman of the Board of Directors; refers to all of the items included in the agenda of the call to the General Shareholders' Meeting; contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and also extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting because it is so allowed by law, in respect of which the proxy-holder shall vote in the direction the proxy-holder deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.</p>	<p>21. 8. If the proxy has been validly granted pursuant to law and these <i>Regulations</i> but does not include voting instructions or questions arise as to the intended proxy-holder or the scope of the representation, and unless otherwise indicated by the shareholder, it shall be deemed that: <u>(i)</u> the proxy is granted in favour of the chairman of the Board of Directors; <u>(ii)</u> refers to all of the items included in the agenda of the call to the General Shareholders' Meeting; <u>(iii)</u> contains the instruction to vote favourably on all proposals made by the Board of Directors with respect to the items on the agenda of the call to meeting; and also <u>(iv)</u> extends to matters that, although not included in the agenda of the call to meeting, may be dealt with at the General Shareholders' Meeting because it is so allowed by <u>in accordance with</u> law, in respect of which the proxy-holder shall vote in the direction the proxy-holder deems most favourable to the interests of the shareholder granting the proxy, within the framework of the corporate interest.</p>
<p>Any Shareholder's Guide approved by the Board of Directors may further develop these provisions.</p>	<p>Any Shareholder's Guide <u>This provision may be further developed by any rules approved by the Board of Directors may further develop these provisions. that systematise, further develop, adapt, and specify the provisions of the Corporate Governance System regarding the</u></p>

	<u>management of the General Shareholders' Meeting.</u>
<p>9. Before being appointed, the proxy-holder shall provide detailed information to the shareholder regarding whether a conflict of interest exists. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy-holder shall immediately inform the shareholder thereof. In both cases, if the proxy-holder has not received new specific voting instructions regarding each of the matters on which the proxy-holder has to vote on behalf of the shareholder, the proxy-holder shall abstain from voting, without prejudice to the provisions of the following section.</p>	<p>22. 9.—Before being appointed, the proxy-holder shall provide detailed information to the shareholder regarding whether a<u>the existence of any</u> conflict of interest exists. If the conflict is subsequent to the appointment and the shareholder granting the proxy has not been advised of the possible existence of such conflict, the proxy-holder shall immediately inform the shareholder thereof. In both cases, if the proxy-holder has not received new specific voting instructions regarding each of the matters on which the proxy-holder has to vote on behalf of the shareholder, the proxy-holder shall abstain from voting, without prejudice to the provisions of the following section.</p>
<p>10. Unless otherwise expressly indicated by the shareholder granting the proxy, in the event that the proxy-holder is subject to a conflict of interest and does not have specific voting instructions, it shall be deemed for such circumstance that the shareholder granting the proxy has appointed as proxy-holders, jointly and severally and successively, in the order set forth below in the event that any of them is in turn subject to a conflict of interest: the chair of the General Shareholders' Meeting, the secretary for the General Shareholders' Meeting, and the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary,</p>	<p>23. 10.—Unless otherwise expressly indicated by the shareholder granting the proxy, in the event that, if the proxy-holder is subject to<u>affected by</u> a conflict of interest and does not have<u>has no</u> specific voting instructions, it shall be deemed for such circumstance that the shareholder granting the proxy has<u>or if the proxy-holder has them but it is deemed preferable that the proxy-holder not exercise the proxy with respect to the items involved in the conflict of interest, the shareholder shall be deemed to have appointed the following persons as proxy-holders for such items, jointly and</u> severally and successively, in the order set forth</p>

<p>second deputy secretary, etc.).</p>	<p>below in the event that any of them is in turn subject to<u>affected by</u> a conflict of interest: <u>first,</u> the chair of the General Shareholders' Meeting, <u>second,</u> the secretary for the General Shareholders' Meeting, <u>and therefor, and finally,</u> the deputy secretary of the Board of Directors, if any. In this latter event, if there are several deputy secretaries, the order to be used shall be the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). <u>The proxy representative so designated shall cast the vote in the direction deemed most favourable to the interests of the person represented thereby, within the framework of the corporate interest.</u></p>
	<p><u>24. A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented, and exercise the corresponding voting rights pursuant to the provisions of article 40.3 below.</u></p>
<p>Article 13. Attendance, Proxy, and Absentee Voting Cards</p>	<p>Article 13,20. Attendance, Proxy, and Absentee Voting Cards</p>
<p>1. The Company may propose to the entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and to the brokers, representatives, and depositaries in general, a form of attendance, proxy, and absentee voting card as well as the formula to be recited in such document in order to delegate proxy representation at the meeting in favour of another person,</p>	<p><u>6. 1.—The Company may <u>issue the attendance, proxy, and absentee voting cards for the participation of the shareholders at the General Shareholders' Meeting, and also</u> propose to the entities participating in the“Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.” <u>(IberclearIBERCLEAR)</u> and to the</u></p>

<p>which, in the absence of specific instructions from the shareholder granting the proxy, may also set forth the way for the proxy-holder to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy, and absentee voting card may also specify the identity of the proxy-holder and the alternate or alternates for the proxy-holder in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.</p>	<p>brokers, representatives, and depositaries in general, at the form of attendance, proxy, and absentee voting cards <u>such cards</u> as well as the formula to <u>that must</u> be recited in such document in order to delegate proxy representation at the meeting in favour of another person, which, in the absence of specific instructions from the shareholder <u>party</u> granting the proxy, may also set forth the way for the proxy-holder to vote with respect to each of the resolutions proposed by the Board of Directors in connection with each item on the agenda of the call to meeting. The attendance, proxy, and absentee voting card may also specify the identity of the proxy-holder and the alternate or alternates for the proxy-holder in the event of a conflict of interest, in the absence of express appointment by the shareholder being represented.</p>
<p>The Company shall ensure that the cards issued by such entities are uniform and include a bar code or other system that allows for the reading thereof by electronic or long-distance data transmission means in order to facilitate the computerised calculation of attendees at the meeting.</p>	<p>The Company shall ensure that the cards issued by such entities are uniform and include a bar code or other system that allows for the reading thereof by electronic or long-distance data transmission means in order to facilitate the computerised calculation of attendees at the meeting. <u>shares represented in person and by proxy at the General Shareholders' Meeting.</u></p>
<p>2. The proxy or voting instructions of the shareholders acting through brokers, representatives, or depositaries may be received by the Company through any valid system or means of long-distance communication, signed by the shareholder or by the entity. The entities may group</p>	<p><u>7.</u> 2.—The proxy or voting instructions of the shareholders acting through brokers, representatives, or depositaries may be received by the Company through any valid system or means of long-distance communication,</p>

<p>together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.</p>	<p>signed by the shareholder or by the entity. The entities may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.</p>
<p>3. If a broker, representative, or depositary sends to the Company an attendance, proxy, or absentee voting card or verification instrument of a shareholder duly identified therein with the signature, stamp, and/or mechanical impression of the entity, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such entity to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.</p>	<p><u>8.</u> 3. — If a broker, representative, or depositary sends to the Company an attendance, proxy, or <u>and</u> absentee voting card or verification instrument of a shareholder duly identified therein <u>in the document</u> with the signature, stamp, and/or mechanical impression of the entity, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such entity to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these <i>Regulations</i> and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.</p>
<p>4. In other respects, the other rules contained in the Company's Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.</p>	<p><u>9.</u> 4. — In other respects, the other rules contained in the Company's Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes</p>

	referred to in this article.
5. All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote pursuant to law.	<u>10.</u> 5. —All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote pursuant to law.
TITLE IV. INFRASTRUCTURE AND EQUIPMENT	TITLE IV. INFRASTRUCTURE AND EQUIPMENT
Article 14. Place of the Meeting	Article 14.<u>21.</u> Place of the Meeting
1. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting in any municipality within the Historical Territory of Biscay. If no place is indicated in the call, it shall be deemed that the meeting will take place at the registered office.	3. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting in any municipality within the Historical Territory of Biscay <u>municipal territory of Bilbao</u> . If no place is indicated in the call, it shall be deemed that the meeting will take place at the registered office.
2. The General Shareholders' Meeting may be attended by going to the place where the meeting is to be held or, if applicable, to other places provided by the Company and indicated in the call to meeting and that are connected therewith by any valid systems that allow for recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. The principal place of the meeting must be located in the municipality of the Historical Territory of Biscay indicated in the call to meeting, but supplemental locations need not be so located. For all purposes relating to the General Shareholders' Meeting, attendees at any of	4. The General Shareholders' Meeting may be attended by going to the place where the meeting is to be held or, if applicable <u>so indicated in the call to meeting</u> , to other places provided <u>for such purpose</u> by the Company and indicated in the call to meeting and that are connected therewith by any valid <u>with the principal meeting place by</u> systems that allow for recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. The principal place of the meeting must be located in the municipality of

<p>the sites shall be deemed attendees at the same individual meeting. The meeting shall be deemed to have been held at the principal location thereof.</p>	<p>the Historical Territory of Biscay indicated in the call to meeting, but supplemental locations need not be so located. For all purposes relating to the General Shareholders' Meeting, attendees at any of the sites shall be deemed <u>Attendees at any of such places shall be considered to be</u> attendees at the same individual meeting. The meeting, which shall be deemed to have been held at the principal location thereof.</p>
<p>Article 15. Infrastructure, Means of Communication, and Services Available at the Premises</p>	<p>Article 15.22. Infrastructure, Means of Communication, and Services Available at the Premises</p>
<p>1. The premises to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment, and safety, assistance, and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.</p>	<p>1. <u>8.</u> 1.—The premises to be used to hold the General Shareholders' Meeting shall have the personnel, technical equipment, and safety, assistance, and emergency measures commensurate with the nature and location of the property and with the importance of the event. In addition, the premises for holding the General Shareholders' Meeting shall have the emergency and evacuation measures required by law, as well other measures deemed appropriate in light of the circumstances.</p>
<p>2. The Company may make available other appropriate premises with similar characteristics where the General Shareholders' Meeting can be held in the event of an emergency.</p>	<p>2. <u>9.</u> 2.—The Company may make available other <u>appropriate furnished</u> premises with similar characteristics where the General Shareholders' Meeting can be held in the event of an emergency.</p>
<p>3. Appropriate safety controls and surveillance and protection measures, as well as systems for controlling access to</p>	<p>3. <u>10.</u> 3.—Appropriate safety controls and surveillance and protection measures, as well as</p>

<p>the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders' Meeting.</p>	<p>systems for controlling access to the meeting, shall be established in order to ensure the safety of the attendees and the orderly conduct of the General Shareholders' Meeting.</p>
<p>4. Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording, and/or transmission equipment and, in general any instrument that might alter the visibility, sound, or lighting conditions of the proceedings, except to the extent allowed by the chair thereof.</p>	<p><u>11.</u> 4.—Once the General Shareholders' Meeting has commenced, the attendees are prohibited from using voice amplification instruments, mobile phones, photographic equipment, audio and/or video recording, and/or transmission equipment and, in general any instrument that might alter the visibility, sound, or lighting conditions of the proceedings, except to the extent allowed<u>authorised</u> by the chair thereof.</p>
<p>5. The proceedings of the General Shareholders' Meeting may be the subject of audiovisual recording, if so determined by the chair of the General Shareholders' Meeting. They may also be the subject of retransmission by any means, including over the internet, and broadcast on social networks.</p>	<p><u>12.</u> 5.—The proceedings of the General Shareholders' Meeting may be the subject of audiovisual recording, if so determined by the chair of the General Shareholders' Meeting. They may also be the subject of retransmission<u>to storage and live or recorded broadcast</u> by any means, including over the internet, and broadcast on social networks.<u>dissemination on social networks. Entering the premises where the General Shareholders' Meeting is to be held signifies the consent of the shareholders or their proxy representatives to the capture of their image (including voice) and the processing of their personal data. The owner of the data shall have the rights of access, rectification, objection, or erasure of the data collected by the</u></p>

	<p><u>Company, upon the terms provided by law, by sending a letter to the Company at its registered office, to the attention of the Office of the General Secretary (Secretaria General).</u></p>
<p>6. Equipment may be made available that facilitates access to the premises where the General Shareholders' Meeting is held and the following thereof by persons with disabilities or that allows for the simultaneous interpretation of presentations at the General Shareholders' Meeting when deemed appropriate for any reason. Specifically, the Company may have the instruments necessary for simultaneous interpretation of the proceedings of the General Shareholders' Meeting into Euskera, English, and Spanish sign language, although the proceedings of the General Shareholders' Meeting in Spanish shall prevail in all cases.</p>	<p><u>13. 6. Equipment may be made available that facilitates access to the premises where the General Shareholders' Meeting is held and the following thereof by persons with disabilities or that allows for the simultaneous interpretation of presentations Whenever reasonably possible, the Company shall endeavour to ensure that the premises at which the General Shareholders' Meeting when deemed appropriate for any reason. Specifically, the Company may have the instruments necessary for is held has the means to allow access by persons with reduced mobility and the simultaneous interpretation of the proceedings of the General Shareholders' Meeting into Euskera (Basque), English, and Spanish sign language, although the proceedings of those other languages that the Board of Directors deems appropriate. The Company shall also establish measures that facilitate participation in the General Shareholders' Meeting in Spanish shall prevail in all cases. by attendees with auditory or visual limitations.</u></p>
<p>7. Any additional information that facilitates following the General Shareholders' Meeting, such as programmes for the meeting or any other</p>	<p><u>14. 7. Any The Company shall also make available to the shareholders any additional information that facilitates</u></p>

<p>documentation deemed useful for such purpose, may also be made available to the shareholders.</p>	<p>following the General Shareholders' Meeting, such as programmes for the meeting or any other documentation deemed useful for such purpose, may also be made available to the shareholders.</p>
<p>Article 16. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results</p>	<p>Article 16.23. Computer System for the Recording of Proxies and Voting Instructions, Preparation of the List of Attendees, and Calculation of Voting Results</p>
<p>1. The Company shall have the personnel and technical equipment required to perform computer monitoring and counting of the attendance, proxy, and absentee voting cards that are received.</p>	<p>4. The Company shall have the personnel and technical equipment required to perform computer monitoring and counting of the attendance, proxy, and absentee voting cards that are received.</p>
<p>2. On the day of the General Shareholders' Meeting, the premises indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of shareholders attending the meeting and to determine the provisional and final quorum, prepare the list of shareholders present in person and by proxy, and calculate the voting.</p>	<p>5. On the day of the General Shareholders' Meeting, the premises indicated for the meeting shall be supplied with the personnel and technical equipment required to monitor the entry of shareholders <u>those</u> attending the meeting and to determine the provisional and final quorum, prepare the list of shareholders present in person and by proxy, and calculate the voting.</p>
<p>3. In order to undertake such activity, the Company may, in accordance with applicable rules and regulations, ask the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) to provide a list of the Company's shareholders and the number of shares appearing in the name of each shareholder.</p>	<p>6. In order to undertake such activity, the Company may, in accordance with applicable rules and regulations, ask the <u>"Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U."</u> (Iberclear <u>IBERCLEAR</u>) to provide a list of the Company's shareholders and the number of shares appearing in the name of</p>

	each shareholder.
Article 17. Office of the Shareholder	Article 17<u>24</u>. Office of the Shareholder
The Company shall set up an Office of the Shareholder in a visible place at the stated premises of the General Shareholders' Meeting, in order to:	The Company shall set up an Office of the Shareholder in a visible place at the stated premises of the General Shareholders' Meeting, in order to:
a) Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals, and vote.	<u>c)</u> a) Answer questions regarding the proceedings raised by the attendees prior to the commencement of the meeting, without prejudice to the rights of the shareholders under legal and by-law provisions to take the floor, make proposals, and vote.
b) Assist and inform attendees and shareholders who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their statements, if such statements are available in writing.	<u>d)</u> b) Assist and inform attendees and shareholders who wish to take the floor, preparing for such purpose a list of those who previously state their desire to participate, as well as collecting the text of their statements, if such statements are available in writing.
c) Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or shareholders for submission at the General Shareholders' Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders' Meeting and that for such reason cannot be delivered in written form to all attendees. In addition, there shall be made available to the attendees copies of the directors' reports and other documentation which, pursuant to legal or by-law provisions, have been made available to the shareholders with	<u>e)</u> e) Provide to the attendees who so request the full text of the resolutions proposed by the Board of Directors or shareholders for submission at the General Shareholders' Meeting regarding each item on the agenda of the call to meeting. Excepted from the foregoing are those proposals that have been prepared immediately prior to the holding of the General Shareholders' Meeting and that for such reason cannot be delivered in written form to all attendees. In addition, there shall be made available to the attendees copies <u>Copies</u> of the directors' reports and other documentation

<p>respect to such proposed resolutions.</p>	<p>which, pursuant to legal or by law provisions, have been made available to the shareholders with respect to such <u>relating to the proposed resolutions shall also be made available to them.</u></p>
<p>TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS' MEETING</p>	<p>TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS' MEETING</p>
<p>Article 18. Opening of the Premises and Monitoring Access Thereto</p>	<p>Article 18. 25. Opening of the Premises and Monitoring Access Thereto</p>
<p>1. In the place and on the day provided for the holding of the General Shareholders' Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their valid representatives may present their respective attendance, proxy, and absentee voting cards or proxy verification instruments.</p>	<p>1. <u>3.</u> 1. In the place and on the day provided <u>in the announcement</u> for the holding of the General Shareholders' Meeting on first or second call, and beginning one hour prior to the time announced for the commencement of the meeting (unless otherwise specified in the announcement of the call to meeting), the shareholders or their <u>valid proxy</u> representatives <u>may must</u> present their respective attendance, proxy, and absentee voting cards or proxy verification instruments. <u>verification documents to the personnel in charge of the registration of attendees.</u></p>
<p>Once the acceptance of attendance, proxy, and absentee voting cards and verification instruments has ended, the shareholders and proxy representatives, if any, arriving late at the place where the General Shareholders' Meeting is held may attend the meeting (in the room where the meeting is held or, if so decided by the chair of the General Shareholders' Meeting, in an adjoining room from where they can follow the meeting), but will not be included in the list of attendees.</p>	<p>Once the acceptance of attendance, proxy, and absentee voting cards and verification instruments has ended, the <u>Once registration has closed,</u> shareholders and <u>or</u> proxy representatives, if any, arriving late at the place where the General Shareholders' Meeting is held may attend the meeting <u>as invitees</u> (in the room where the meeting is held or, if so decided by the chair of the General Shareholders' Meeting, in an adjoining room from where they can follow the meeting), but will not be included in the</p>

	list of attendees.
2. In the event that a second call is made due to the failure to attend of the number of shareholders legally required to hold the General Shareholders' Meeting upon first call, such circumstance shall be properly recorded in the minutes of the General Shareholders' Meeting.	2. <u>4.</u> 2. —In the event that a second call is made due to the failure to attend of the number of shareholders legally required to hold the General Shareholders' Meeting upon first call, such circumstance shall be properly recorded in the minutes of the General Shareholders' Meeting.
Article 19. Presiding Committee, Chair, and Secretary	Article 19.<u>26.</u> Presiding Committee, Chair, and Secretary
1. The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be formed at the time stated in the call to the General Shareholders' Meeting. The Presiding Committee shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to the powers assigned thereto in these Regulations, the Presiding Committee shall assist the chair of the General Shareholders' Meeting, at the chair's request, in performing the duties entrusted thereto.	6. The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be formed at the time stated in the call to the General Shareholders' Meeting. The Presiding Committee shall be made up of the chair of and the secretary for the General Shareholders' Meeting and <u>of</u> the other members of the Board of Directors present <u>at attending</u> the meeting. Without prejudice to the powers assigned thereto in these <i>Regulations</i> , the Presiding Committee shall assist the chair of the General Shareholders' Meeting, at the chair's request, in performing the duties entrusted thereto.
2. The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the By-Laws; and in the absence of the foregoing, the person appointed by the Presiding Committee shall serve.	7. The chairman of the Board of Directors, or, in the absence thereof, the vice-chair of the Board of Directors, shall act as chair of the General Shareholders' Meeting; if there are several vice-chairs of the Board of Directors, they shall act in the order set forth in the <i>By-Laws</i> ; and in the absence of the foregoing, the person appointed by the Presiding Committee shall

	serve.
3. The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall serve in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of both, the person appointed by the Presiding Committee shall serve.	8. The chair of the General Shareholders' Meeting shall be assisted by the secretary for the General Shareholders' Meeting. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting; if there are several deputy secretaries, they shall serve in the order established at the time of their appointment (first deputy secretary, second deputy secretary, etc.). In the absence of both <u>the foregoing</u> , the person appointed by the Presiding Committee shall serve <u>as secretary for the General Shareholders' Meeting</u> .
	<u>9. The provisions of sections 2 and 3 above shall also apply if the chair or the secretary, in each case, must remove themselves for any reason during the holding of the meeting as regards their situation in the performance of their duties.</u>
4. In addition, the chair of the General Shareholders' Meeting may, if the chair so desires, obtain the assistance of any person the chair deems appropriate.	<u>10.</u> 4.— In addition, the chair of the General Shareholders' Meeting may, if the chair so desires , obtain the assistance of any person the chair deems appropriate.
Article 20. Duties of the Chair of the General Shareholders' Meeting	Article 20-27. <u>Chair</u> <u>Chairman</u> of the General Shareholders' Meeting
1. The chair of the General Shareholders' Meeting, who is responsible for presiding over the meeting, shall generally have the broadest powers needed for the best conduct thereof, including the	<u>4.</u> 1.— The chair of the General Shareholders' Meeting, who is responsible for presiding over <u>progress of</u> the meeting, shall generally have the broadest powers

following:	needed for the best conduct thereof, <u>such purposes</u> (including <u>those of order and discipline</u>), and the following: <u>powers, among others:</u>
a) To call the meeting to order.	<u>a)</u> a) To call the meeting to order.
b) To verify that there is a valid quorum for the General Shareholders' Meeting and, if applicable, to declare it to be validly in session.	<u>b)</u> b) To verify that there is a valid quorum for the General Shareholders' Meeting and, if applicable, to declare it to be validly in session.
c) To take notice of the request, if any, made by the Board of Directors for the presence of a notary public to take the minutes of the meeting.	<u>c)</u> e) To take notice of the request, if any, made by the Board of Directors for the presence of a notary public <u>, if any,</u> to take the minutes of the meeting— <u>as a result of a request made by the Board of Directors for such purpose.</u>
d) To make decisions regarding questions, requests for clarification, or claims raised with respect to the list of attendees, the identity and the legitimacy of the shareholders and proxy representatives, the authenticity and integrity of the attendance, proxy, and absentee voting cards or relevant verification instruments, as well as all matters relating to the possible exclusion, suspension, or limitation of voting and related rights and, specifically, to the right to vote attaching to the shares pursuant to law or the Company's Corporate Governance System.	<u>d)</u> d) To make decisions regarding questions, requests for clarification, or claims raised with respect to the list of attendees, the identity and the legitimacy of the shareholders and <u>their</u> proxy representatives, the authenticity and integrity of the attendance, proxy, and absentee voting cards or relevant verification instruments, as well as all matters relating to the possible exclusion, suspension, or limitation of voting and related rights and, specifically, to the right to vote attaching to the shares pursuant to law or <u>and</u> the Company's Corporate Governance System. <u>By-</u>

	<u>Laws.</u>
e) If the chair deems it appropriate, to address the General Shareholders' Meeting to give an account of the Company's progress and to describe its results, goals, and plans.	e) If <u>To grant the floor to executive directors or officers that the chair deems it appropriate, <u>in order</u> to address the <u>shareholders at the</u> General Shareholders' Meeting to give an account <u>in order to report on the progress</u> of the Company's progress and to describe its, as well as to present the results, goals, and plans. f) — To give the floor to the directors or senior officers that the chair deems appropriate in order for them to address the shareholders at thereof. If the chair of the General Shareholders' Meeting has the status of executive director, such presentation may be made directly thereby, in whole or in part.</u>
f) To give the floor to the directors or senior officers that the chair deems appropriate in order for them to address the shareholders at the General Shareholders' Meeting.	f) g) To order and direct presentations such that the debate adheres to the agenda.
g) To order and direct presentations such that the debate adheres to the agenda.	g) h) To order and direct the deliberations by granting the floor to shareholders who so request, and taking the floor away or refusing to grant it when the chair deems that a matter has been sufficiently debated, is not on the agenda, or hinders the proper <u>To order and direct the progress of the meeting in accordance with the powers set forth in article</u>

	36 below.
h) To order and direct the deliberations by granting the floor to shareholders who so request, and taking the floor away or refusing to grant it when the chair deems that a matter has been sufficiently debated, is not on the agenda, or hinders the proper progress of the meeting.	<u>h)</u> i) To reject proposals made by shareholders when inappropriate or extemporaneous. j) To indicate the time for voting. k) To establish voting systems and procedures, organise the voting, and determine the system for counting and calculating the votes.
i) To reject proposals made by shareholders when inappropriate or extemporaneous.	
j) To indicate the time for voting.	
k) To establish voting systems and procedures, organise the voting, and determine the system for counting and calculating the votes.	
l) To announce the results of the voting.	<u>l)</u> l) To announce the results of the voting.
m) To temporarily suspend the General Shareholders' Meeting.	<u>l)</u> m) To temporarily suspend the General Shareholders' Meeting and propose the continuation thereof.
n) To adjourn the meeting.	<u>k)</u> n) To adjournbring the meeting to a close.
o) And, in general, to exercise all other powers, including those of order and discipline, which are required to properly hold the General Shareholders' Meeting.	<u>l)</u> o) And, in general, to exercise all other powers, including those of order and discipline, which are required to properly hold the General Shareholders' Meeting.
2. The chair of the General Shareholders' Meeting, even when present	<u>5.</u> 2. The chair of the General Shareholders' Meeting, even when

<p>at the meeting, may entrust the management of the debate to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out these duties on behalf of the chair, with the chair having the right to retake them at any time.</p>	<p>present at the meeting, may entrust the management of the debate to a director the chair deems appropriate, or to the secretary for the General Shareholders' Meeting, who shall carry out these duties on behalf of the chair, with the chair having the right to retake them at any time.</p>
<p>3. If the chair of the General Shareholders' Meeting is absent for any reason during the course of the meeting, the chair shall be replaced in the exercise of the duties entrusted thereto in accordance with the provisions of the By-Laws and article 19.2 above.</p>	<p><u>6.</u> 3. If the chair of the General Shareholders' Meeting is absent for any reason during the course of the meeting, the chair shall be replaced in the exercise of the duties entrusted thereto in accordance with the provisions of the By-Laws and article 19.2 above. <u>The chair of the General Shareholders' Meeting may appoint a representative of the Company to make an organised presentation to the General Shareholders' Meeting on those questions or considerations that the Company's shareholders –even if they are not in attendance or represented by proxy at the General Shareholders' Meeting– have submitted to the Company through other channels of participation and that the chair of the General Shareholders' Meeting deems appropriate to present.</u></p>
	<p><u>Such representative may also present other questions raised by those attending the General Shareholders' Meeting who prefer to ask their questions for delivery to the chair.</u></p>
<p>Article 21. Duties of the Secretary for the General Shareholders' Meeting</p>	<p>Article 21.<u>28.</u> Duties of the Secretary for the General Shareholders' Meeting</p>
<p>1. The duties of the secretary for the General Shareholders' Meeting shall be</p>	<p><u>2.</u> 1. The duties of the secretary for the General Shareholders'</p>

the following:	Meeting shall be <u>assist the chair generally and shall perform</u> the following <u>duties in particular</u> :
a) To declare the Presiding Committee to be formed.	a) a) To declare the Presiding Committee to be formed.
	b) <u>To prepare by delegation of the chair the list of attendees, for which purpose the secretary shall have such means and systems as are determined by the chair.</u>
b) To inform the shareholders at the General Shareholders' Meeting, by delegation from the chair thereof, of the provisional and final quorum of shareholders in attendance, indicating the number of shareholders present in person and by proxy, the number of shares they represent in person and those represented by proxy, the percentage of share capital represented by shares present in person and by proxy, and the total number of shareholders and shares in attendance at the meeting with an indication of the percentage of capital that such shares represent, for which purpose the Company's treasury shares shall not be counted as being in attendance.	c) b) To inform <u>By delegation of the chair, to report to</u> the shareholders at the General Shareholders' Meeting, by delegation from the chair thereof, of the provisional and final quorum of shareholders in attendance, indicating regarding the quorum, stating the number of shareholders present in person and <u>or</u> by proxy, the number of shares they represent in person and those represented by proxy, with an indication of the percentage of share capital they represent as well as the number of shares represented by shares present in person and by proxy, and the total number of shareholders and shares in attendance at the meeting with an indication of the percentage of capital that such shares represent, for which purpose the Company's treasury shares shall not be counted as being in attendance <u>in person and by</u>

	<u>proxy, also with the foregoing specification.</u>
c) To read, if applicable, or to make a summary report of the essential terms of the announcement of the call to meeting, the text of the proposed resolutions of the Board of Directors, and the other matters on which the Board of Directors is required to report to the shareholders at the General Shareholders' Meeting pursuant to law or the Company's Corporate Governance System. A reading of the announcement of the call to meeting, the proposed resolutions, or the other documents relating to the General Shareholders' Meeting shall not be required when such documentation has been made available to the shareholders from the date of publication of the announcement of the call to meeting.	<u>d)</u> e) To read, if applicable, or to make a summary report of the essential terms of the announcement of the call to meeting, the text of the proposed resolutions of the Board of Directors, and the other matters on which <u>To report on those matters that the Board of Directors is required to</u> must report to the shareholders at the General Shareholders' Meeting pursuant to law or the Company's Corporate Governance System. A reading of the announcement of the call to meeting, the proposed resolutions, or the other documents relating to the General Shareholders' Meeting shall not be required when such documentation has been made available to the shareholders from the date of publication of the announcement of the call to meeting.
d) To assist the chair of the General Shareholders' Meeting in the resolution of questions, requests for clarification, or claims raised with respect to the list of attendees, proxies, or absentee votes.	d) To assist the chair of the General Shareholders' Meeting in the resolution of questions, requests for clarification, or claims raised with respect to the list of attendees, proxies, or absentee votes.
e) To draft the minutes of the General Shareholders' Meeting, if applicable.	<u>e)</u> e) To draft the minutes of the General Shareholders' Meeting, if applicable.
f) And, in general, to exercise, at the direction of the chair of the General	<u>f)</u> f) And, in general, to <u>To</u> exercise, at the direction of

<p>Shareholders' Meeting, such powers as are necessary for order and discipline and for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.</p>	<p>the chair of the General Shareholders' Meeting, such powers as are necessary for order and discipline and <u>as are necessary</u> for the appropriate conduct of the meeting and the adoption and formalisation of resolutions.</p>
<p>2. If the secretary for the General Shareholders' Meeting is absent for any reason during the course of the meeting, the secretary shall be replaced in the performance of the duties entrusted thereto in accordance with the provisions of the By-Laws and article 19.3 above.</p>	<p>2. If the secretary for the General Shareholders' Meeting is absent for any reason during the course of the meeting, the secretary shall be replaced in the performance of the duties entrusted thereto in accordance with the provisions of the By-Laws and article 19.3 above.</p>
<p>Article 22. Establishment of a Quorum</p>	<p>Article 22.29. Establishment of a Quorum</p>
<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the By-Laws, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held upon first or second call.</p>	<p>5. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law or the <i>By-Laws</i>, taking into account the matters appearing on the agenda of the call to meeting and whether the meeting is held upon first or second call.</p>
<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds (2/3) of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty (60%) per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and the amendment of article 21.2 of the By-Laws.</p>	<p>6. Notwithstanding the provisions of the preceding section, shareholders <u>Shareholders</u> representing <u>at least</u> two-thirds (2/3) of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing <u>at least</u> sixty (60%) per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the Company, and</p>

	the amendment of article 21.2 of the <i>By-Laws</i> .
3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.	7. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.
4. If the attendance of shareholders representing a particular percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the By-Laws in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the General Shareholders' Meeting shall limit themselves to deliberating and deciding regarding those items on the agenda that do not require such percentage of share capital or the presence of such shareholders.	8. If the attendance of shareholders representing a particular <u>minimum</u> percentage of share capital or the consent of specific interested shareholders is required pursuant to law or the By-Laws <u>Corporate Governance System</u> in order to validly adopt a resolution regarding one or more items on the agenda of the call to meeting, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders at the <u>time of formation of the quorum for the General Shareholders' Meeting, the shareholders thereat</u> shall limit themselves to deliberating and deciding regarding those items on the agenda that do not require such percentage of share capital or the presence <u>consent</u> of such shareholders.
Article 23. List of Attendees	Article 23.30, List of Attendees
1. Once the Presiding Committee has been formed, and prior to beginning with the agenda of the call to meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of their own or other parties' shares present. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount	5. Once the Presiding Committee has been formed, and prior <u>Prior</u> to beginning with the agenda of <u>for</u> the call to meeting, <u>the secretary shall prepare</u> a list of attendees shall be prepared that sets forth the nature or representation of each attendee and, which shall specify those attending as shareholders and those attending as proxy-holders, as well

<p>of capital they own, with a specification as to which capital corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Company's Corporate Governance System.</p>	<p><u>as</u> the number of their own or other parties' shares present<u>with which each one is attending</u>. At the end of the list, there shall be a determination of the number of shareholders present in person or by proxy, as well as the amount of capital they own, with a specification as to which capital corresponds to shareholders with the right to vote. The list of attendees shall include as present those shareholders who have cast absentee votes pursuant to the provisions of the Company's Corporate Governance System.</p>
<p>2. The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair thereof.</p>	<p>6. The list of attendees shall be contained in electronic media, the sealed cover of which shall show the appropriate identification procedure signed by the secretary for the General Shareholders' Meeting with the approval of the chair thereof.</p>
<p>3. If the meeting takes place in different places pursuant to the provisions of these Regulations, the list of attendees shall also include the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.</p>	<p>7. If the meeting takes place in different places pursuant to the provisions of these <i>Regulations</i>, the list of attendees shall also include the share capital represented in person or by proxy in each room. In such case, absentee votes shall be included in the room where the Presiding Committee is located.</p>
<p>4. The secretary for the General Shareholders' Meeting has the power, exercised by delegation from the chair thereof, to prepare the list of attendees. The secretary for the General Shareholders' Meeting shall be provided with the means and systems determined by the chair thereof for preparation of the list</p>	<p>4.—The secretary for the General Shareholders' Meeting has the power, exercised by delegation from the chair thereof, to prepare the list of attendees. The secretary for the General Shareholders' Meeting shall be provided with the means and systems determined by the chair thereof for preparation of the</p>

and, if applicable, for calculation of the votes cast.	list and, if applicable, for calculation of the votes cast.
5. The list of attendees shall be attached to the minutes of the General Shareholders' Meeting.	5. <u>8.</u> The list of attendees shall be attached to the minutes of the General Shareholders' Meeting.
Article 24. Commencement of the Meeting	Article 24. Commencement of the Meeting <u>31. Shareholder Presentation Requests Identification</u>
	<u>Shareholders desiring to address the General Shareholders' Meeting must so request the Office of the Shareholder or to whomever is indicated for such purposes prior to the commencement of the meeting and, and state for the record their first and last names and, if applicable, the name of the corporate shareholder they represent, as well as the number of shares they own and/or represent.</u>
	<u>Article 32. Reports</u>
	<u>3. Once the list of attendees has been prepared and they have been informed regarding the publications of the announcement of the call to meeting, there shall be a presentation of any relevant reports by the executive directors or senior officers or persons designated for such purpose by the Board of Directors. In particular, the shareholders shall be informed of the main aspects highlighted in the Annual Corporate Governance Report regarding corporate governance, emphasising the changes that have occurred since the last General Shareholders' Meeting and any non-compliance with corporate governance recommendation that the Company</u>

	<u>has described in said report.</u>
	<u>4. If the annual accounts have qualifications, the Board of Directors may resolve that the chair of the Audit and Compliance Committee and the Company's auditor explain them to the shareholders at the General Shareholders' Meeting.</u>
	<u>Article 33. Ratification, if Appropriate, of the Quorum for the General Shareholders' Meeting</u>
1. Prior to the commencement of the General Shareholders' Meeting, the chair thereof or, by delegation therefrom, the secretary therefor, shall announce the provisional or final information relating to the number of shareholders present in person and by proxy, the number of shares present in person and by proxy, an indication of the percentage of share capital represented by both, and the total number of shareholders and shares in attendance at the meeting with an indication of the share capital represented by such shares.	<u>5. 1. — Prior to the commencement of the <u>presentation period, the chair of the</u> General Shareholders' Meeting, the chair thereof or, or the secretary by delegation therefrom, the secretary therefor, shall announce the provisional or final information relating to the number of shareholders present in person and by proxy, the number of shares present in person and by proxy, shall read the information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital represented by that both <u>represent</u>, and the total number of shareholders and shares in attendance at the meeting with an indication of the share capital represented by such shares. <u>, with an indication of the share capital that such shares represent.</u></u>
If such information indicates compliance with the quorum needed to	<u>6. If such information indicates compliance with the quorum</u>

<p>validly hold the General Shareholders' Meeting and the shareholders at the General Shareholders' Meeting can deliberate and adopt resolutions regarding at least one of the items on the agenda of the call to meeting, the chair of the General Shareholders' Meeting shall declare a valid quorum to exist and shall call the meeting to order. If such information is provisional, the shareholders at the General Shareholders' Meeting shall be given the final information prior to deliberating on the items on the agenda.</p>	<p>needed to validly hold the General Shareholders' Meeting and the shareholders at the General Shareholders' Meeting can deliberate and adopt resolutions regarding at least one of the items on the agenda of the call to meeting, the chair of the General Shareholders' Meeting shall declare a valid quorum to exist and shall call the meeting to order. If such information is provisional, the shareholders at the General Shareholders' Meeting shall be given the final information prior to deliberating on the items on the agenda. <u>Once this information has been publicly announced, the chair of the General Shareholders' Meeting shall, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the contrary, debate must be limited to only some of them.</u></p>
<p>2. If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, stating that the notary public has been requested to prepare the minutes of the meeting.</p>	<p>7. <u>2.</u> ———— If appropriate, the chair of the General Shareholders' Meeting shall announce the presence of a notary public at the meeting and shall identify such notary public, stating that the notary public has been requested <u>taking notice of the request</u> to prepare the minutes of the meeting.</p>
<p>3. If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General Shareholders'</p>	<p>8. <u>3.</u> ———— If a notary public has been requested to prepare the minutes of the meeting, the notary public shall ask the shareholders at the General</p>

<p>Meeting and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital present.</p>	<p>Shareholders' Meeting and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of or the secretary for the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital present. <u>represented in person and by proxy.</u></p>
<p>Article 25. Shareholder Requests. Identification</p>	<p>Article 25. Shareholder Requests. Identification</p>
<p>Shareholders desiring to address the meeting and, if applicable, to request information or clarifications regarding the items on the agenda of the call to meeting or to make proposals must so request at the time indicated by the chair of the General Shareholders' Meeting and prior to the commencement of the presentation period, to the Office of the Shareholder or to whomever is indicated for such purposes, and state for the record their first and last names and, if applicable, the corporate name of the shareholder they represent, as well as the number of shares they own and/or represent.</p>	<p>Shareholders desiring to address the meeting and, if applicable, to request information or clarifications regarding the items on the agenda of the call to meeting or to make proposals must so request at the time indicated by the chair of the General Shareholders' Meeting and prior to the commencement of the presentation period, to the Office of the Shareholder or to whomever is indicated for such purposes, and state for the record their first and last names and, if applicable, the corporate name of the shareholder they represent, as well as the number of shares they own and/or represent.</p>
<p>Article 26. Reports</p>	<p>Article 26. Reports</p>
<p>1. While the shareholders who desire to take the floor are identified and verified pursuant to the provisions of the preceding article, the secretary for the General Shareholders' Meeting, at the direction of the chair thereof, shall report to the shareholders regarding the publications of the announcement of the call to meeting.</p>	<p>1. While the shareholders who desire to take the floor are identified and verified pursuant to the provisions of the preceding article, the secretary for the General Shareholders' Meeting, at the direction of the chair thereof, shall report to the shareholders regarding the publications of the announcement of the call to meeting.</p>
<p>2. Thereafter, the meeting shall continue with the presentation of any</p>	<p>2. Thereafter, the meeting shall continue with the presentation of any</p>

<p>reports by the chair of the General Shareholders' Meeting and the members of the Board of Directors or the persons designated for such purpose by the chair of the General Shareholders' Meeting.</p>	<p>reports by the chair of the General Shareholders' Meeting and the members of the Board of Directors or the persons designated for such purpose by the chair of the General Shareholders' Meeting.</p>
<p>3. Thereafter, and in any event prior to voting, the chair of the General Shareholders' Meeting shall commence the period for presentations by the shareholders.</p>	<p>3. Thereafter, and in any event prior to voting, the chair of the General Shareholders' Meeting shall commence the period for presentations by the shareholders.</p>
<p>Article 27. Shareholder Presentation Period</p>	<p>Article 27.34. Shareholder Presentation Period</p>
<p>1. Presentations by duly verified shareholders shall occur in the order in which they are called by the secretary for the General Shareholders' Meeting. No shareholder may make a presentation dealing with business not included in the agenda of the call to meeting, without prejudice to the proposed resolutions that may legally be submitted outside the agenda of the call to meeting or without the shareholder being granted the floor.</p>	<p>5. Presentations by duly verified<u>the</u> shareholders <u>or their proxy representatives</u> shall occur in the order in which they are called by the secretary for the General Shareholders' Meeting. No shareholder <u>or proxy-holder</u> may make a presentation dealing with business<u>without having been granted the floor or to decide matters that are</u> not included in the agenda of the call to meeting, without prejudice to the proposed resolutions that may legally be submitted outside the agenda of the call to meeting or without the shareholder being granted the floor. <u>unless otherwise provided by law.</u></p>
<p>2. Shareholders must make reasonable use of their power with respect to both the duration of their presentation, which must be brief and concise, as well as the content thereof, which must conform to the provisions of the preceding section and to the respect deserved by the proceedings of the General Shareholders' Meeting and by the other attendees. Presenting parties shall have a maximum of five (5) minutes for each presentation,</p>	<p>6. Shareholders <u>or their proxy representatives</u> must make reasonable use of their power<u>presentation right</u> with respect to both the duration of their presentation, which must be brief and concise<u>thereof, which shall be a maximum of five minutes, without prejudice to the chair's powers to limit or extend them,</u> as well as the content thereof, which</p>

<p>without prejudice to the powers of the chair of the General Shareholders' Meeting to limit or extend such period. Notwithstanding the foregoing, when the number of presentations requested or other circumstances so require, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the equal treatment of presenting shareholders and the principle of non-discrimination.</p>	<p>must conform to the provisions of the preceding section and to the respect deserved by the proceedings of the General Shareholders' Meeting and by the other attendees. Presenting parties shall have a maximum of five (5) minutes for each presentation, without prejudice to the powers of the chair of the General Shareholders' Meeting to limit or extend such period. Notwithstanding the foregoing, when <u>the other attendees</u>. <u>If</u> the number of presentations requested or other circumstances so require <u>advise</u>, the chair of the General Shareholders' Meeting may set a maximum period less than that mentioned above, giving due regard in each case to the <u>principles of equal treatment of and non-discrimination among the presenting shareholders</u> and the principle of non-discrimination.</p>
<p>3. Those shareholders who so desire may deliver the text of their presentation to the Office of the Shareholder in order to obtain a photocopy and thus facilitate the meeting proceedings and the preparation of the minutes of the General Shareholders' Meeting. In any event, if anyone requests that their participation appear literally in the minutes of the meeting, they must at that time deliver it in writing to the Office of the Shareholder, which shall deliver it to the secretary for the General Shareholders' Meeting, or to the notary public, if any, in order for it to be compared with the shareholder's presentation.</p>	<p>7. Those <u>At the time of their accreditation, those</u> shareholders <u>or their proxy representatives</u> who so desire may deliver the text of their presentation to the Office of the Shareholder in order to obtain a photocopy and thus facilitate the meeting proceedings and the preparation of the minutes of the General Shareholders' Meeting. In any event, if anyone requests that their participation appear literally in the minutes of the meeting, they must at that time deliver it in writing to. <u>This shall be required if there is a request for their presentation to be recorded verbatim in the minutes. In this</u></p>

	<p><u>case</u>, the Office of the Shareholder; which shall deliver it<u>the text</u> to the secretary for the General Shareholders' Meeting, or to the notary public, if any, in order for it to be compared with the shareholder's presentation.</p>
	<p><u>8.</u> <u>In addition, during the shareholder presentation period, the representative of the Company appointed by the chair of the General Shareholders' Meeting may make an organised presentation on those questions or considerations that the shareholders have submitted to the Company through other channels of participation and such other questions as are raised by attendees at the General Shareholders' Meeting who prefer to ask their questions for delivery to the chair.</u></p>
<p>Article 28. Right to Receive Information during the General Shareholders' Meeting</p>	<p>Article 28.35. <u>35.</u> Right to Receive Information during the General Shareholders' Meeting</p>
<p>1. During the presentation period, shareholders or their duly accredited proxy representatives may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this purpose in accordance with the provisions of article 25 above.</p>	<p>6. During the presentation period, shareholders or their duly accredited proxy representatives may verbally request information or clarifications that they deem are necessary regarding the matters contained in the agenda of the call to meeting, information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and regarding the audit report. They must have previously identified themselves for this</p>

	purpose in accordance with the provisions of article 2531 above.
2. The directors shall be required to provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except in those cases in which:	7. The directors shall be required to <u>Company</u> provide the information requested pursuant to the preceding section in the form and within the periods provided by law, except in those cases in which <u>as provided by section 4 of article 15 above and without prejudice to the provisions of section 5 thereof.</u>
a) It has been requested by shareholders representing less than twenty-five (25%) per cent of the share capital, and the chair believes that publication thereof may prejudice the corporate interest.	a) It has been requested by shareholders representing less than twenty five (25%) per cent of the share capital, and the chair believes that publication thereof may prejudice the corporate interest.
b) The request for information or clarification does not refer to matters included in the agenda of the call to meeting or to information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting.	b) The request for information or clarification does not refer to matters included in the agenda of the call to meeting or to information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting.
c) The requested information or clarification is not needed to form an opinion regarding the matters submitted to the shareholders at the General Shareholders' Meeting or is deemed abusive for any reason.	c) The requested information or clarification is not needed to form an opinion regarding the matters submitted to the shareholders at the General Shareholders' Meeting or is deemed abusive for any reason.
d) Legal or regulatory provisions provide otherwise.	d) Legal or regulatory provisions provide otherwise.
3. The requested information or clarification shall be provided by the chair of the General Shareholders' Meeting or, if applicable and if directed by such chair, by the chair of any of the committees of	8. The requested <u>clarifications requested</u> shall be provided by the chair of the General Shareholders' Meeting or, if applicable and if directed by

<p>the Board of Directors, by a director, or, if appropriate, by any employee of the Company, the auditor, or any other person designated by the chair of the General Shareholders' Meeting.</p>	<p>such chair, by the chair of any of the committees of the Board of Directors, by a director, or, if appropriate, by any employee of the Company, the auditor, or <u>or by any other person designated by the chair of the General Shareholders' Meeting thereby.</u></p>
<p>4. In the event that, for any reason, it is not possible to satisfy a shareholder's right to receive information during the proceedings of the General Shareholders' Meeting, the directors shall provide the requested information in writing to the interested shareholder within seven (7) days of the close of the General Shareholders' Meeting.</p>	<p>9. In the event that, for any reason, if it is not possible to satisfy a shareholder's right to receive <u>respond to the request for information, clarification or request during the proceedings of the General Shareholders' Meeting, the directors response shall provide the requested information be sent</u> in writing to the interested shareholder <u>within the next</u> seven (7) days of the close of <u>days.</u></p>
	<p>10. <u>A violation of the right to receive information provided for in this article shall only entitle the shareholder to demand compliance with the obligation to provide information and the damages caused thereto, but shall not be grounds for challenging the General Shareholders' Meeting.</u></p>
<p>Article 29. Order of Shareholder Presentations, Requests, and Proposals</p>	<p>Article 29.36. Order of Shareholder Presentations, Requests, and Proposals</p>
<p>1. The powers to make presentations and requests for information shall only be exercised once, and the same shareholder may not exercise such powers again at the end of their presentation period. During such period, the presenting shareholder may make proposals regarding any item on the agenda of the call to meeting, except in those cases in which they should have been available to the shareholder at</p>	<p>1. <u>5.</u> The powers to make presentations and requests for information shall only be exercised once, and the same shareholder may not exercise such powers again at the end of their. During the presentation period. During such period, the presenting <u>shareholder party</u> may make proposals regarding any item on the</p>

<p>the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, they are excluded by law, or they breach the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide upon without such resolutions appearing on the agenda of the call to meeting.</p>	<p>agenda of the call to meeting, except in those cases in which they should have been available to the shareholder<u>shareholders</u> at the registered office at the time of publication of the call to meeting or the supplement to the call to meeting, if any, they are excluded by law, or they breach the rights of other shareholders. They may also propose the adoption of resolutions regarding which, pursuant to law, the shareholders at the General Shareholders' Meeting may deliberate and decide upon without such resolutions appearing on the agenda of the call to meeting.</p>
<p>2. In the exercise of the chair's powers to order the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:</p>	<p><u>6.</u> 2.—In the exercise of the chair's powers to order the meeting, and without prejudice to other action that may be taken, the chair of the General Shareholders' Meeting may:</p>
<p>a) Extend the time initially allocated to each shareholder, when the chair deems it appropriate.</p>	<p><u>a)</u> a)—Extend the time initially allocated to each shareholder<u>presenting party</u>, when the chair deems it appropriate.</p>
<p>b) Decide the order in which answers will be provided to the shareholders and whether such answers will be given following each presentation period or collectively in summarised form after the last presentation, without prejudice to the legally provided possibility of sending the information in writing within a period of seven (7) days following the holding of the General Shareholders' Meeting.</p>	<p><u>b)</u> b)—Decide the order in which answers will be provided to the shareholders and whether such answers will be given following each presentation period or collectively <u>and, if appropriate,</u> in summarised form after the last presentation, without prejudice to the legally provided possibility of sending the information in writing within a period of</p>

	seven (7) days following the holding of the General Shareholders' Meeting.
c) End the shareholder presentation period.	<u>c)</u> e) End the shareholder presentation period.
d) Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.	<u>d)</u> d) Request the presenting parties to clarify issues that have not been understood or that have not been sufficiently explained during the presentation.
e) Call the presenting shareholders to order so that they limit their presentation to business properly before the General Shareholders' Meeting and refrain from making improper statements or exercising their right of presentation in an abusive or obstructionist manner.	<u>e)</u> e) Call the presenting shareholders <u>parties</u> to order so that they limit their presentation to business properly before the General Shareholders' Meeting and refrain from making improper statements or exercising their right of presentation in an abusive or obstructionist manner.
f) Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding sub-section, withdraw the floor from them, and, if the chair believes that their presentation might alter the proper order and normal conduct of the meeting, ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.	<u>f)</u> f) Announce to the presenting parties that the time for their presentations will soon be ending so that they may adjust their use of the floor and, when the time granted for their presentation has ended, or if they persist in the conduct described in the preceding sub-section, withdraw the floor from them, and, if the chair believes that their presentation might alter the proper order and normal conduct of the meeting, ask them to leave the premises and adopt any appropriate measures in order for this

	provision to be complied with: therefrom.
g) Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.	g) g) Deny the floor when the chair believes that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting, as well as reject a reply of the presenting shareholder.
3. The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption.	3. 7. 3. —The chair of the General Shareholders' Meeting shall endeavour to maintain order in the room in order to allow the presenting parties to make their presentations without undue interruption. If the chair believes that the presentation or the conduct of an attendee might alter the proper order and normal conduct of the meeting, the chair may ask them to leave the premises and adopt any appropriate measures in order for this provision to be complied with.
4. The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the shareholders during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda for the meeting, in light of compliance in each case with the requirements of applicable laws and regulations. In voting on the proposals allowed pursuant to this section (both on	4. 8. 4. —The chair of the General Shareholders' Meeting shall have the broadest powers to allow, apply the legally appropriate procedures to, or reject the proposals made by the shareholders presenting parties during their presentation on any matter included in the agenda of the call to meeting or on those matters that may be debated and decided at the General Shareholders' Meeting without such matters appearing on the agenda for the meeting, in light of compliance in each case with the requirements of applicable laws

<p>items included in the agenda and on items not appearing thereon), the procedure established in letter b) of article 34.2 of these Regulations shall apply, without prejudice to the chair's ability to decide on the use of other procedures or alternative voting systems.</p>	<p>and regulations. In voting on the proposals allowed pursuant to this section (both on items included in the agenda and on items not appearing thereon), the procedure established in letter b) of article 34.2<u>40.2</u> of these <i>Regulations</i> shall apply, without prejudice to the chair's ability to decide on the use of other procedures or alternative voting systems.</p>
<p>Article 30. Establishment, if Appropriate, of a Final Quorum for the General Shareholders' Meeting</p>	<p>Article 30.— Establishment, if Appropriate, of a Final Quorum for the General Shareholders' Meeting <u>37. Temporary Suspension</u></p>
<p>1. At the end of the presentations, if the information previously provided was provisional, the list of attendees shall be closed and the chair of the General Shareholders' Meeting, or the secretary by delegation therefrom, shall read the final information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and shares in attendance at the meeting, with an indication of the share capital that such shares represent.</p>	<p>1.— At the end of the presentations, if the information previously provided was provisional, the list of attendees shall be closed and the chair of the General Shareholders' Meeting, or the secretary by delegation therefrom, shall read the final information contained in the list of attendees, detailing the number of shareholders present in person and by proxy, the number of shares represented in person and by proxy, with an indication of the percentage of share capital that both represent, and the total number of shareholders and shares in attendance at the meeting, with an indication of the share capital that such shares represent.</p>
<p>2. Once this information has been publicly announced, the chair of the General Shareholders' Meeting shall, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the</p>	<p>2.— Once this information has been publicly announced, the chair of the General Shareholders' Meeting shall, if appropriate, declare the existence of a proper and sufficient quorum on first or second call, as the case may be, and shall decide if the shareholders can debate and adopt resolutions regarding all matters contained in the agenda or if, on the</p>

<p>contrary, debate must be limited to only some of them, based on attendance at the General Shareholders' Meeting in accordance with the list of attendees.</p>	<p>contrary, debate must be limited to only some of them, based on attendance at the General Shareholders' Meeting in accordance with the list of attendees.</p>
<p>3. Once the establishment of a quorum for the General Shareholders' Meeting has been declared, and a notary public is in attendance in order to prepare the notarial minutes of the meeting, the attending shareholders may state to the notary public any reservation or objection they may have regarding the existence of a valid quorum for the General Shareholders' Meeting or regarding the information from the list of attendees that was previously read aloud, in order to duly record such reservation or objection in the minutes.</p>	<p>3. Once the establishment of a quorum for the General Shareholders' Meeting has been declared, and a notary public is in attendance in order to prepare the notarial minutes of the meeting, the attending shareholders may state to the notary public any reservation or objection they may have regarding the existence of a valid quorum for the General Shareholders' Meeting or regarding the information from the list of attendees that was previously read aloud, in order to duly record such reservation or objection in the minutes.</p>
<p>Article 31. Temporary Suspension</p>	<p>Article 31. Temporary Suspension</p>
<p>1. In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders' Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair of the General Shareholders' Meeting may adopt such additional measures as the chair deems appropriate to ensure the safety of those present and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.</p>	<p>3. In exceptional cases, when there are incidents that temporarily prevent the normal progress of the meeting, the chair of the General Shareholders' Meeting may resolve to suspend the session for the time the chair deems appropriate in order to re-establish the conditions needed for the continuation thereof. The chair of the General Shareholders' Meeting may adopt such additional measures as the chair deems appropriate to ensure the safety of those present<u>the attendees</u> and to avoid the repetition of circumstances that might again affect the proper conduct of the meeting.</p>
<p>2. Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair of the General Shareholders' Meeting shall</p>	<p>4. Once the meeting has resumed, if the situation that gave rise to the suspension persists, the chair of the General Shareholders' Meeting</p>

<p>consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved for any reason, the chair of the General Shareholders' Meeting shall immediately adjourn the meeting.</p>	<p>shall consult with the Presiding Committee in order for the shareholders to approve a continuation of the meeting on the next day. In the event the continuation is not approved for any reason, the chair of the General Shareholders' Meeting shall immediately adjourn the meeting.</p>
<p>Article 32. Continuation</p>	<p>Article 32<u>38</u>. Continuation</p>
<p>1. Provided there is good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair of the General Shareholders' Meeting, of the majority of the directors attending the meeting, or at the request of a number of shareholders representing at least one-fourth (1/4) of the share capital present. Regardless of the number of sessions, the General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.</p>	<p>3. Provided there is<u>Upon</u> good reason for doing so, the shareholders acting at the General Shareholders' Meeting may approve a continuation of the meeting over one or more consecutive days, at the proposal of the chair of the General Shareholders' Meeting, of the majority of the directors attending the meeting, or at the request of a number of shareholders representing at least one-fourth (1/4)<u>twenty-five per cent</u> of the share capital present. Regardless of the number of sessions, the<u>The</u> General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions.</p>
<p>2. Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the By-Laws in subsequent sessions for them to be validly held. Without prejudice to the provisions of article 35.3, if any shareholder included in the list of attendees prepared at the beginning of the meeting does not thereafter attend the subsequent meetings, the majorities</p>	<p>4. Once the continuation of the General Shareholders' Meeting has been approved, there shall be no need to repeat compliance with the provisions of law or the By-Laws<u>Corporate Governance System</u> in subsequent sessions for them to be validly held. Without prejudice to the provisions of article 35.3, if any shareholder included in the list of attendees prepared at the</p>

<p>needed to adopt resolutions shall continue to be those determined based on the results of such list.</p>	<p>beginning of the meeting does not thereafter attend the subsequent meetings, the majorities<u>The quorum</u> needed to adopt resolutions shall continue to be those determined based on the results of such list<u>the initial list of attendees, even if one or more of the shareholders included therein do not attend subsequent meetings, without prejudice to the provisions of article 41.3.</u></p>
<p>TITLE VI. VOTING AND ADOPTION OF RESOLUTIONS</p>	<p>TITLE VI. VOTING AND ADOPTION OF RESOLUTIONS</p>
<p>Article 33. Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting</p>	<p>Article 33<u>39</u>, Absentee Voting; Powers to Engage in Proxy-Granting and Absentee Voting</p>
<p>1. Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person and the security of the electronic communications are assured. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.</p>	<p>9. Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person and the security of the electronic communications are assured. In all such cases, they shall be deemed to be present for purposes of the establishment of a quorum at the General Shareholders' Meeting.</p>
<p>2. In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card issued in their favour by the corresponding entity, setting forth thereon the direction of their vote, their abstention, or their blank vote.</p>	<p>10. In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card issued in their favour by the corresponding entity, setting forth thereon the direction of their vote, their abstention, or their blank vote, <u>and the direction of the vote</u></p>

	in these cases.
3. Votes by electronic correspondence shall be cast using a recognised electronic signature or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.	11. Votes by electronic correspondence shall be cast using a recognised electronic signature <u>or using the personal passwords referred to in letter c of article 19.2 above</u> or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.
4. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.	12. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.
5. The absentee voting referred to in this article shall be rendered void:	13. The absentee voting referred to in this article shall be rendered void:
a) By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.	<u>a)</u> a) By subsequent express revocation made by the same means used to cast the vote and within the period established for such voting.
b) By attendance at the meeting of the shareholder casting the vote.	<u>b)</u> b) By attendance at the meeting of the shareholder casting the vote.
c) If the shareholder validly grants a proxy after the date of casting the absentee vote.	<u>c)</u> e) If the shareholder validly grants a proxy <u>within the established period</u> after the date of casting the absentee vote.
6. If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the items on the agenda	14. If no express instructions are included when casting the absentee vote, or instructions are included only with respect to some of the

<p>of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.</p>	<p>items on the agenda of the call to meeting, and unless expressly indicated otherwise by the shareholder, it shall be deemed that the absentee vote refers to all of the items included in the agenda of the call to the General Shareholders' Meeting and that the vote is in favour of the proposals made by the Board of Directors regarding the items included in the agenda of the call to meeting with respect to which no express instructions are included.</p>
<p>7. As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant proxy representation through any of the means contemplated in these Regulations, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.</p>	<p>15. As regards proposed resolutions other than those submitted by the Board of Directors or regarding items not included in the agenda of the call to meeting, the shareholder casting an absentee vote may grant proxy representation through any of the means contemplated in these <i>Regulations</i>, in which case the rules established for such purpose shall apply to the proxy, which shall be deemed granted to the chairman of the Board of Directors unless expressly indicated otherwise by the shareholder.</p>
<p>8. The Board of Directors is authorised to develop the appropriate rules, means, and procedures to organise the casting of votes and the grant of proxies by electronic means.</p>	<p>16. The Board of Directors is authorised to develop the appropriate rules, means, and procedures to organise the casting of votes and the grant of proxies by electronic means.</p>
<p>Specifically, the Board of Directors may: (i) establish rules for the use of guarantees other than electronic signatures for casting electronic votes or the use of other valid means of long-distance communication; (ii) reduce the advance period set forth in</p>	<p>Specifically, the Board of Directors may: (+) establish rules for the use of <u>personal passwords and other</u> guarantees other than electronic signatures for casting electronic votes or the use of<u>by</u> other valid means of long-distance</p>

<p>section 4 above for receipt by the Company of absentee votes; and (iii) accept, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the instruments available.</p>	<p>communication; (ii) reduce <u>and to grant proxies by electronic correspondence. It may also</u> the advance period set forth in section 4 above <u>of twenty-four hours established</u> for receipt by the Company of absentee votes; and (iii) accept, and proxies granted by postal or electronic correspondence, and accept and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any <u>absentee votes and proxies</u> received after such period, to the extent allowed <u>permitted</u> by the instruments <u>means</u> available.</p>
<p>The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The Shareholder's Guide and other implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.</p>	<p>The Board of Directors is also authorised to further develop the procedures for granting proxies and for absentee voting in general, including the rules of priority and conflict applicable thereto. The <i>Shareholder's Guide</i> and other implementing rules adopted by the Board of Directors under the provisions of this section shall be published on the Company's corporate website.</p>
<p>The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes, as well as the validity and effectiveness of the instructions received through brokers, representatives, or depositaries of shares, all in accordance</p>	<p>The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity and effectiveness of the proxies and absentee votes <u>(particularly the attendance, proxy, and absentee voting card or verification document or instrument for attendance or proxy-</u></p>

<p>with the provisions set forth in the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.</p>	<p><u>granting</u>), as well as the validity and effectiveness of the instructions received through brokers, representatives, or depositaries of shares, all in accordance with the provisions set forth in the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.</p>
<p>Article 34. Voting on Proposed Resolutions</p>	<p>Article 34.40. Voting on Proposed Resolutions</p>
<p>1. Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these Regulations, the proposed resolutions regarding matters included in the agenda of the call to meeting or which, pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Company's Corporate Governance System, shall be submitted to a vote.</p>	<p><u>5.</u> 1.—Once the shareholder presentations have ended and responses have been given to requests for information pursuant to the provisions of these <i>Regulations</i>, the proposed resolutions regarding matters included in the agenda of the call to meeting or which, and <u>any others that</u> pursuant to law, may be submitted to a vote even though not appearing thereon, including any proposals made by the shareholders during the meeting that are appropriate under the law and the Company's Corporate Governance System, shall be submitted to a vote.</p>
<p>The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another, such that the shareholders may separately exercise their right to vote.</p>	<p>The Board of Directors shall make separate proposals for resolutions in connection with matters that are substantially independent of one another. <u>In any event, such that the shareholders may separately exercise their right to vote, the following must be voted on separately, even if appearing within the same item on the agenda: (i) the appointment, ratification, re-election or removal of each director, (ii) in the amendment of the <i>By-Laws</i>, that of each article or autonomous group of articles,</u></p>

	<p><u>and (iii) those matters for which this is provided in the Corporate Governance System.</u></p>
<p>The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. In any event, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be withdrawn and therefore not be voted upon.</p>	<p>The adoption of resolutions shall proceed following the agenda set forth in the call to meeting. Resolutions proposed by the Board of Directors shall be first submitted to a vote and then, if appropriate, resolutions proposed by other proponents and those relating to matters that the shareholders at the General Shareholders' Meeting can decide upon without appearing on the agenda shall be voted, with the chair of the General Shareholders' Meeting deciding upon the order in which they shall be submitted to a vote. In any event <u>Unless the chair of the General Shareholders' Meeting decides to proceed otherwise</u>, once a proposed resolution has been adopted, all others relating to the same matter and that are incompatible therewith shall be withdrawn and therefore not be voted upon.</p>
<p>It shall not be necessary for the secretary for the General Shareholders' Meeting to previously read aloud the complete text of resolutions proposed by the Board of Directors if such text has already been published on the Company's corporate website since the date of publication of the announcement of the call to the General Shareholders' Meeting. In this case, the reading of a summary or excerpts may be sufficient when it is so deemed appropriate for some or all of the proposals by the chair of the General</p>	<p>It shall not be necessary for the secretary for the General Shareholders' Meeting to previously read aloud the complete text of resolutions proposed by the Board of Directors if such text has already been published on the Company's corporate website since the date of publication of the announcement of the call to the General Shareholders' Meeting. In this case, the reading of a summary or excerpts may be sufficient when it is so deemed appropriate for some or all of the proposals by the</p>

<p>Shareholders' Meeting or by the secretary for the General Shareholders' Meeting by delegation therefrom.</p>	<p>chair of the General Shareholders' Meeting or by the secretary for the General Shareholders' Meeting by delegation therefrom.</p>
<p>2. As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:</p>	<p><u>6.</u> 2.—As a general rule, and without prejudice to the powers of the chair of the General Shareholders' Meeting to use other procedures and alternative systems, for purposes of voting on the proposed resolutions, the direction of the votes of the shareholders shall be determined as follows:</p>
<p>a) In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank, or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistant thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes in favour.</p>	<p><u>a)</u> a)—In the case of proposed resolutions relating to matters included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote against, in blank, or abstain, by communicating or expressing their vote or abstention <u>stating so for the record</u> to the notary public <u>or the assistants thereto</u> (or, in the absence thereof, <u>to</u> the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; <u>of the meeting,</u> shares whose holders have voted against, in blank, or have expressly stated that they abstain through the means of communication referred to in these <i>Regulations</i>; and shares</p>

	<p>whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had<u>recorded their withdrawal with</u> the notary public or assistant<u>assistants</u> thereto (or, in the absence thereof, <u>with</u> the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes in favour.</p>
<p>b) In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank, or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these Regulations; and shares whose holders or representatives have left the meeting prior to the voting on the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.</p>	<p><u>b)</u> b) In the case of proposed resolutions relating to matters not included in the agenda of the call to meeting, votes corresponding to all shares present in person and by proxy, less the votes corresponding to: shares whose holders or representatives state that they vote in favour, in blank, or abstain, by communicating or expressing their vote or abstention to the notary public (or, in the absence thereof, the secretary for the General Shareholders' Meeting) or the assistants thereto, for note thereof to be taken in the minutes; shares whose holders have voted in favour, in blank, or have expressly stated that they abstain through the means of communication referred to in these <i>Regulations</i>; and shares whose holders or representatives have left the meeting prior to the voting on</p>

	<p>the proposed resolution in question and have had the notary public or assistants thereto (or, in the absence thereof, the secretary for the General Shareholders' Meeting) record their withdrawal from the meeting, shall be deemed to be votes against.</p>
<p>3. A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented. If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.</p>	<p><u>7.</u> 3. A proxy representative may hold the proxy of more than one shareholder without limitation as to the number of shareholders being represented. If a proxy-holder represents several shareholders, the proxy-holder may cast votes in different directions based on the instructions given by each shareholder.</p>
<p>4. Furthermore, so long as it is legally admissible and the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes in accordance with the instructions given by such clients.</p>	<p><u>8.</u> 4. Furthermore, so long as it is legally admissible and the required guarantees of transparency and certainty are provided in the opinion of the Board of Directors, a vote may be divided in order for financial intermediaries who are recorded as having shareholder status but act for the account of different clients to be able to divide their votes <u>and cast them in different directions</u> in accordance with the instructions given by such clients.</p>
<p>Article 35. Approval of Resolutions and Announcement of Voting Results</p>	<p>Article 35:41. Approval of Resolutions and Announcement of Voting Results</p>
<p>1. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the voting majorities required by law or the By-Laws. Each voting share, whether represented in</p>	<p><u>5.</u> 1. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the voting majorities required by law or the <i>By-Laws</i>. Each voting share,</p>

<p>person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in article 30 of the By-Laws, other instances in which the By-Laws provide for the suspension of voting rights, or the restrictions established by law.</p>	<p>whether represented in person or by proxy at the General Shareholders' Meeting, shall grant the holder the right to one vote, without prejudice to the limitations on the maximum number of votes that may be cast by a shareholder, the conflicts of interest provided for in article 30<u>28</u> of the <i>By-Laws</i>, other instances in which the <i>By-Laws</i> provide for the suspension of voting rights, or the restrictions established by law.</p>
<p>2. The approval of resolutions shall require the favourable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. The foregoing does not apply to situations in which the law or the By-Laws require a greater majority.</p>	<p><u>6.</u> 2. The approval of resolutions shall require the favourable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. The foregoing does not apply to situations<u>Except in cases</u> in which the law or the <i>By-Laws</i> require a greater majority, <u>the shareholders acting at a General Shareholders' Meeting shall adopt resolutions by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against.</u></p>
<p>3. For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present, and represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution or resolutions in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence thereof, with the secretary for the General</p>	<p>3. For purposes of determining the number of shares upon which the majority needed to adopt the various resolutions shall be calculated, all shares appearing on the list of attendees shall be deemed to be in attendance, present, and<u>or</u> represented at the meeting, less: shares whose owners or representatives have left the meeting prior to the voting on the proposed resolution or resolutions in question and have recorded their withdrawal with the notary public or assistants thereto (or, in the absence</p>

<p>Shareholders' Meeting); and shares which, by application of the provisions of law or the By-Laws, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.</p>	<p>thereof, with the secretary for the General Shareholders' Meeting); and shares which, by application of the provisions of law or the <i>By-Laws</i>, are totally or partially deprived of the right to vote in general, or on the particular resolution in question, or shares in respect of which the exercise of the right to vote has been suspended for the holders thereof.</p>
<p>4. Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders may desire to make to the secretary for the General Shareholders' Meeting or to the notary public, if any, regarding the direction of their vote for recording in the minutes of the meeting.</p>	<p><u>7.</u> 4.—Once the chair of the General Shareholders' Meeting, at the time of voting, finds the existence of a sufficient number of votes in favour or against all or some of the proposed resolutions, the chair may declare them to be approved or rejected by the shareholders at the General Shareholders' Meeting, without prejudice to the statements that the shareholders <u>or their proxy representatives</u> may desire to make to the <u>notary public or to the assistants thereto or, if applicable, to the</u> secretary for the General Shareholders' Meeting or to the notary public, if any, regarding the direction of their vote for recording in the minutes of the meeting.</p>
<p>5. Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes, the number of votes in favour and against each resolution, and the number of abstentions, if any.</p>	<p><u>8.</u> 5.—Without prejudice to the provisions of the preceding section, for each resolution submitted to a vote at the General Shareholders' Meeting, there must be a determination of at least the number of shares for which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes <u>cast</u>, the number of votes in favour and against each resolution, and the number of abstentions <u>and</u></p>

	votes in blank , if any.
TITLE VII. CLOSURE AND MINUTES OF THE MEETING	TITLE VII. CLOSURE AND MINUTES OF THE MEETING
Article 36. Closure	Article 36.42. Closure
Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders' Meeting, the General Shareholders' Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.	Once the voting on the proposed resolutions has been completed and the results have been announced by the chair of the General Shareholders' Meeting, the General Shareholders' Meeting shall end and the chair thereof shall bring the meeting to a close, adjourning the session.
Article 37. Minutes	Article 37.43. Minutes
1. The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen (15) days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.	4. The minutes of the meeting may be approved by the shareholders at the end of the General Shareholders' Meeting, and otherwise within a period of fifteen (15) days by the chair of the General Shareholders' Meeting and two inspectors, one on behalf of the majority and the other on behalf of the minority.
2. Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the person acting as chair therein. In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the By-Laws.	5. Once the minutes are approved, they shall be signed by the secretary for the General Shareholders' Meeting, with the approval of the person acting as chair therein . In the event the aforementioned persons are unable to do so for any reason, they shall be replaced by the persons established by law or the <i>By-Laws</i> .
3. In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall not	6. In the event that a notary public takes part in the General Shareholders' Meeting, the notarial minutes shall be deemed the minutes of the General Shareholders' Meeting and shall

require approval.	not require approval.
TITLE VIII. SUBSEQUENT ACTS	TITLE VIII. SUBSEQUENT ACTS
Article 38. Publication of Resolutions	Article 38.44. <u>44.</u> Publication of Resolutions
1. Without prejudice to registration at the Commercial Registry of recordable resolutions or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission the literal text or a summary of the contents of the resolutions approved at the General Shareholders' Meeting.	4. Without prejudice to registration at the Commercial Registry of recordable resolutions or to applicable legal provisions regarding the publication of corporate resolutions, the Company shall communicate to the National Securities Market Commission <u>by means of a notice of significant event (<i>hecho relevante</i>)</u> , the literal text or a summary of the contents of the resolutions approved at the General Shareholders' Meeting.
2. The text of the resolutions adopted by the shareholders at the General Shareholders' Meeting and the voting results shall be published in full on the Company's corporate website within five (5) days of the end of the General Shareholders' Meeting	5. The text of the resolutions adopted by the shareholders at the General Shareholders' Meeting and the voting results shall be published in full on the Company's corporate website within five (5) days of the end of the General Shareholders' Meeting
3. Furthermore, at the request of any shareholder or their representative at the General Shareholders' Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes.	6. Furthermore, at the request of any shareholder or their representative at the General Shareholders' Meeting, the secretary of the Board of Directors shall issue a certification of the resolutions or of the minutes.



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED REDUCTION IN SHARE CAPITAL BY MEANS OF THE RETIREMENT OF SHARES OF IBERDROLA, S.A. INCLUDED IN ITEM TEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the Report

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) pursuant to the provisions of sections 286 and 318 of the Companies Act (Ley de Sociedades de Capital), in order to provide a rationale for the proposed reduction in share capital by means of the retirement of own shares of Iberdrola, S.A. (the “**Reduction in Capital**”) submitted to the shareholders for approval at the General Shareholders’ Meeting under item ten on the agenda.

Pursuant to such sections, the Board of Directors must prepare a report setting forth the rationale for the proposal being submitted to the shareholders at the General Shareholders’ Meeting, to the extent that the approval of the Reduction in Capital necessarily entails the amendment of the article of the *By-Laws* governing share capital.

2. Rationale for the Proposal

Pursuant to the provisions of the *Shareholder Remuneration Policy*, on 19 February 2014 the Company announced its intention to maintain shareholder remuneration at a minimum of 0.27 euro per share, and to continue implementing successive editions of the “Iberdrola Flexible Dividend” system, which is carried out through the implementation of increases in capital by means of scrip issues.

In addition, the Company stated its commitment to maintain the number of outstanding shares of the Company at approximately 6,240 million, offsetting the issuance of new shares that such increases in share capital by means of scrip issues entail with reductions in capital such as the one now proposed, and as implemented in financial years 2013 and 2014.

This avoids dilution of the shareholders and contributes to maintaining the profit per share of the Company, all of which benefits the shareholders.

Therefore, the Board of Directors has resolved to propose to the shareholders at the General Shareholders’ Meeting a reduction in capital that offsets the effects of the increases in share capital by means of scrip issues approved by the shareholders at the General Shareholders’ Meeting held on 28 March 2014 under sections A and B of item six on the Agenda. If said proposal is ultimately approved, it is provided that the Company’s own shares in treasury will be retired, with a corresponding reduction in



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share capital by an amount equal to the nominal value of such shares, and the number of shares in circulation is established at the target figure of 6,240 million.

A portion of the own shares will come from a share Buy-Back Programme approved by the Board of Directors at its meeting of 17 February 2015 under the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003 and in reliance on the authorisation granted by the shareholders at the General Shareholders' Meeting held on 28 March 2014 under item nine on the agenda. This initiative is intended to favour the liquidity of the shares, apart from the benefits of the Reduction in Capital already discussed.

3. Main Terms and Conditions of the Reduction in Capital

It is proposed to reduce the share capital by the amount resulting from the sum of:

(i) 101,826,370.50 euros, through the retirement of 135,768,494 treasury shares, each with a nominal value of 0.75 euro, representing 2.125% of share capital and acquired under the authorisation granted by the shareholders at the General Shareholders' Meeting held on 28 March 2014 under item nine on the agenda and within the limits established by section 146 and related provisions and section 509 of the Companies Act (the “**Existing Treasury Shares**”); and

(ii) the aggregate nominal value, up to the maximum amount of 9,535,879.50 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a maximum of 12,714,506 own shares (representing a maximum of 0.199% of the share capital), that are acquired for their retirement under the buy-back programme approved by the Board of Directors today, 17 February 2015, under the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003 (the “**Buy-back Programme**”).

Consequently, the maximum amount of the Reduction in Capital would be 111,362,250.00 euros, through the retirement of a maximum of 148,483,000 own shares, each with a nominal value of 0.75 euro, representing not more than 2.324% of the share capital at the time the resolution is approved. If the resolution regarding the Reduction in Capital covered by this report is adopted, the final amount of the reduction would be set by the Board of Directors of the Company depending upon the final number of shares acquired from the shareholders within the framework of the Buy-back Programme.

In addition, if the aforementioned resolution regarding the Reduction in Capital is approved, the article of the *By-Laws* governing share capital would be amended such that it reflects the new amount of share capital and the new number of outstanding shares (after the number of own shares proposed to be retired has been deducted).

The Reduction in Capital would not entail a return of contributions because the Company itself is the holder of the retired shares and it would be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to

the nominal value of the retired shares; such reserve could only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by section 335 c) of the Companies Act.

Therefore, in order to make the implementation as simple as possible, and under the provisions of section 335 c) of the Companies Act, creditors would not be entitled to assert the right of objection contemplated by section 334 of the Companies Act.

It is also proposed that the shareholders at the General Shareholders' Meeting ratify the acts performed to date by the Board of Directors in connection with the Buy-back Programme approved on 17 February 2015 and that they authorise the Board of Directors to implement the Reduction in Capital resolution (with the express power of substitution, under the provisions of section 249.2 of the Companies Act) within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in the resolution approving the reduction or that are a consequence thereof and to approve the resolutions, publish the announcements, take the steps, and execute the public or private documents that may be required or appropriate for the successful implementation of the Reduction in Capital.

Specifically, it is proposed to authorise the Board of Directors to take the steps and carry out the formalities required to cause the exclusion from trading of the retired shares from the Spanish Stock Exchanges and the removal thereof from the book-entry registers once the resolution regarding the Reduction in Capital has been implemented.

4. Proposed Resolution Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolution submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:

“ITEM TEN ON THE AGENDA

Approval of a reduction in share capital by means of the retirement of 148,483,000 own shares representing 2.324% of the share capital of IBERDROLA, S.A. Delegation of powers to the Board of Directors, with express power of substitution, including, among others, the powers to amend the article of the By-Laws governing share capital and to apply for the removal from trading of the retired shares and for the removal thereof from the book-entry registers.

RESOLUTION

1. Reduction in Share Capital by means of the Retirement of both Currently Existing Treasury Shares and Own Shares of the Company Acquired through a Buy-back Programme for the Retirement thereof

To reduce the share capital of IBERDROLA, S.A. (the “**Company**”) by the amount resulting from the sum of:

(i) 101,826,370.5 euros, through the retirement of 135,768,494 currently existing treasury shares, each with a nominal value of 0.75 euro, acquired under the authorisation granted by the shareholders at the General Shareholders’ Meeting held on 28 March 2014 under item nine on the agenda and within the limits established by section 146 and related provisions and section 509 of the Companies Act (the “**Existing Treasury Shares**”); and

(ii) the aggregate nominal value, up to the maximum amount of 9,535,879.5 euros, of the own shares of the Company, each with a nominal value of 0.75 euro, up to a maximum of 12,714,506 own shares, that are acquired for their retirement under the buy-back programme approved by the Board of Directors on 17 February 2015 under the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003, and in effect, at the latest, through 31 May 2015 (the “**Buy-back Programme**”).

Consequently, the maximum amount of the reduction in capital (the “**Reduction in Capital**”) would be 111,362,250.00 euros, through the retirement of a maximum of 148,483,000 own shares, each with a nominal value of 0.75 euro, representing not more than 2.324% of the share capital at the time the resolution is approved.

In accordance with the provisions below, the final amount of the Reduction in Capital will be set by the Board of Directors of the Company depending upon the final number of shares acquired from the shareholders within the framework of the Buy-back Programme.

2. Procedure for Acquisition of the Shares that Will Be Retired under the Buy-back Programme

Without prejudice to the Existing Treasury Shares, and in accordance with the resolution approved by the Board of Directors at its meeting of 17 February 2015, the Company may acquire a maximum number of 12,714,506 own shares, each with a nominal value of 0.75 euro and representing a maximum of 0.199% of the share capital of the Company on the date of approval of this resolution, which number is within the legal limit and the limit provided for in the authorisation for the acquisition of own shares granted by the shareholders at the General Shareholders’ Meeting held on 28 March 2014 under item nine on the agenda.

As provided in the aforementioned resolution of the Board of Directors, the own shares will be acquired on such terms as to price and volume as are established in article 5 of Commission Regulation (EC) No 2273/2003 of 22 December 2003.

In accordance with the foregoing, pursuant to section 340.3 of the Companies Act, if the Company fails to acquire the maximum number of 12,714,506 own shares, each with a nominal value of 0.75 euro, under the Buy-back Programme, it will be understood that the share capital is reduced by the sum of (i) the amount corresponding to the Existing Treasury Shares, and (ii) the amount corresponding to the shares effectively acquired under the Buy-back Programme.

Consequently, the shares will be acquired upon the terms set forth in sections 144.a) and 338 through 342 of the Companies Act, to the extent applicable, in section 12.2 of Royal Decree 1066/2007 of 27 July, and in Commission Regulation (EC) No 2273/2003 of 22 December 2003, without the need for a takeover bid for the shares of the Company planned to be retired.

3. Procedure for the Reduction and Reserves with a Charge to Which It Is Carried Out

Pursuant to the provisions of section 342 of the Companies Act, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it will be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by section 335 c) of the Companies Act.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by section 334 of the Companies Act in connection with the Reduction in Capital.

4. Ratification of Resolutions of the Board of Directors

To ratify the resolutions of the Board of Directors regarding the approval of the Buy-back Programme and the establishment of the terms and conditions thereof, including the determination of the maximum number of shares to be acquired and the effectiveness period, as well as to ratify the acts, statements, and formalities carried out through the date hereof in connection with the public communication of the Buy-back Programme.

5. Delegation of Powers

To delegate to the Board of Directors, with express powers of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof.

In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express powers of substitution:

(a) To modify the maximum number of shares that may be bought back by the Company, within the limits set in this resolution and by law, as well as any other terms and conditions of the Buy-back Programme, all in accordance with the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003.

(b) To perform any acts, make any statements, or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; negotiate, agree to, and sign all contracts, agreements, commitments, or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.

(c) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme, and, within one month following the expiration of the Buy-back Programme, retire the shares in accordance with the terms approved herein.

(d) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the rules specified in this resolution.

(e) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, all in accordance with the terms and conditions set forth above.

(f) To amend the article of the By-Laws governing share capital such that it reflects the new amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.

(g) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument embodying the Reduction in Capital has been executed and registered with the Commercial Registry, the retired shares are delisted from the Bilbao, Madrid, Barcelona, and Valencia Stock Exchanges, through the Automated Quotation System

(Continuous Market), and they are removed from the corresponding book-entry registers.

(h) To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any public or private, Spanish or foreign entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of section 249.2 of the Companies Act, the Board of Directors is expressly authorised to in turn delegate the powers referred to in this resolution.”

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Bilbao, 17 February 2015