

ENCE ENERGÍA Y CELULOSA, S.A. (the “Company”), pursuant to article 228 of the Securities Market Act, proceeds under this letter to communicate the following:

RELEVANT EVENT

The Board of Directors of the Company, in today’s session, has decided to call the Ordinary Annual Shareholders’ Meeting of the Company, which will be held in Auditorio Rafael del Pino, Rafael Calvo Street, 39-A, 28010, Madrid, on 29 March 2017, at 12:30 pm, at first call, or on 30 March 2017, at the same place and time, at second call.

Attached to this communication is the text of the aforementioned call, including the Annual Shareholders’ Meeting agenda, which will be published in the following days in the relevant legal and statutory terms, as well as the complete text of the motions submitted by the board of directors to the general shareholders' meeting regarding the different items of the agenda.

For purposes of exercise of the shareholders’ right to information, the aforementioned documents, as well as the remaining Annual Shareholders’ Meeting documents specified in this announcement, are available to shareholders in the Company registered address and in the Company website (www.ence.es).

Madrid, 27 February 2017

ENCE ENERGÍA Y CELULOSA, S.A.

CALL FOR THE ANNUAL ORDINARY GENERAL SHAREHOLDERS' MEETING

The board of directors of ENCE ENERGÍA Y CELULOSA, S.A. hereby calls shareholders to attend the annual general meeting, which will be held in Auditorio Rafael del Pino, Calle de Rafael Calvo, 39-A, 28010, Madrid, on 29 March 2017 at 12:30 on first call, or on the following day, that is 30 March 2017, at the same time and venue, on second call according to the following

AGENDA

- First.** Examination and, as the case may be, approval of the financial statements and directors' report of both ENCE ENERGÍA Y CELULOSA, S.A. and its consolidated group for the financial year ending on 31 December 2016.
- Second.** Examination and, as the case may be, approval of the proposed allocation of profit or loss for the financial year ending on 31 December 2016 for ENCE ENERGÍA Y CELULOSA, S.A.
- Third.** Examination and, as the case may be, approval of the work carried out by the Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. during the year ending on 31 December 2016.
- Fourth.** Re-election of members of the Board of Directors:
- Four A:** Re-election of Ignacio de Colmenares Brunet as executive director as proposed by the board of directors.
- Four B:** Re-election of Pedro Barato Triguero as independent director as proposed by the appointments and remuneration committee.
- Four C:** Re-election of Pascual Fernández Martínez as proprietary director as proposed by the board of directors.
- Four D:** Re-election of Víctor Urrutia Vallejo as proprietary director as proposed by the board of directors.
- Four E:** Re-election of Mendibea 2002, S.L., as proprietary director as proposed by the Board of Directors, and acknowledgement of the permanence of Ignacio Comenge Sánchez-Real as the natural person representing Mendibea 2002, S.L. in its capacity as director.
- Fifth.** Re-election of auditors of the Company and its consolidated group.
- Sixth.** Reduction in share capital through the amortization of treasury shares and rewording of articles 5 and 6 in the company bylaws.
- Seventh.** Authorisation to the board of directors for the acquisition of treasury shares either directly or through companies of the Group, thus voiding the unused part of the authorisation agreed to by the General Shareholders' Meeting on 24 July 2012 as the Third resolution in the agenda.

- Eighth.** Authorisation to the board of directors, with express powers of substitution, over a period of five years, to issue marketable fixed-income securities or debt securities of a similar nature, including preference shares, and swappable or share-convertible fixed-income securities with, in the latter case, the power to withdraw preferential subscription rights. Authorisation for the Company to stand guarantee for any new issuances of securities by its subsidiaries. Revocation, in the unused amount, of the authorisation conferred to that end by the general shareholders' meeting of 28 April 2015 under resolution Ten in the agenda.
- Ninth.** Delegation of powers to interpret, further specify, rectify, implement and formalise the resolutions adopted by the general shareholders' meeting.
- Tenth.** Consultative vote on the 2016 annual report on directors' remuneration.

MEETING CALL SUPPLEMENT AND PRESENTATION OF PROPOSED RESOLUTIONS

Shareholders accounting for at least three per cent of share capital may request the publication of an addendum to this notice of a general meeting in order to include one or more additional agenda items (provided the new items are accompanied by grounds or, as the case may be, a motion); and present grounded motions on items already included on the agenda or that should be added to the agenda. This right must be exercised by service of notification by a reliable method received at the registered business address (Calle de Beatriz de Bobadilla, No 14, Planta 4ª, 28040, Madrid) within five days of the date of publication of this notice, with an indication of the names of the shareholders exercising the right and the number of shares they own, in addition to the items to be added to the agenda or the content of the proposed resolutions, accompanied by any other relevant documentation.

The supplementary notice will be published at least fifteen days before the date set for the meeting.

The foregoing shall be without prejudice to the right of any shareholder to present, during the general meeting, alternative proposals or proposals on matters that need not be included in the agenda, pursuant to the Spanish Corporate Enterprises Act.

RIGHT TO INFORMATION

From the date this notice is published, shareholders will have immediate and free access to the following documents, which may be obtained from the Company's Investor Relations Department (located at the Company's registered office at Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040), or from the Company's website (www.ence.es), or which shareholders may request the Company to send them by post to the aforementioned address:

1. This call notice
2. Full text of the proposed resolutions which will be submitted to the shareholders at the general meeting
3. The complete text of the financial statements and directors' report for the financial year ending on 31 December 2016, both for the Company and its consolidated Group, together with the corresponding auditors' report
4. With respect to the proposed re-election of directors:
 - (i) report of the board of directors regarding the directors proposed for re-election, according to article 529 *decies* of the Spanish Corporate Enterprises Act; and
 - (ii) report of the appointments and remuneration committee in relation to the proposal to re-elect Pedro Barato Triguero as independent director, and about the re-election of Ignacio de Colmenares Brunet as executive director, Pascual Fernández Martínez, Víctor Urrutia Vallejo and Mendibea 2002, S.L as proprietary directors, and, regarding the appointment of the natural person to represent Mendibea 2002, S.L. in accordance with article 529 *decies*, section seven of the Spanish Corporate Enterprises Act.
5. Board of directors report on the reduction in share capital through the amortization of treasury shares.

6. Board of directors report on the proposed resolution authorising the board of directors, to issue simple fixed income marketable securities or debt instruments of a similar nature, including preferred stocks, as well as fixed income securities exchangeable or convertible into shares, with the power in the latter case to exclude preferential subscription rights, with respect to item eight of the agenda.
7. 2016 Annual Corporate Governance Report.
8. 2016 annual report on directors' remuneration.
9. Audit committee report on the independence of the auditor.
10. Annual corporate social responsibility report.
11. Card for attendance, proxy and postal voting.

Furthermore, and from the call date onward, the total number of shares and voting rights existing as of that date will be published without interruption on the Company's website (www.ence.es), as will the motions submitted by shareholders in accordance with the procedure prescribed by law and the bylaws, which will be published as and when they are received.

For the purposes of exercising the right to obtain information prior to the general meeting pursuant to articles 197 and 520 of the Spanish Capital Enterprises Act, and in accordance with article 34 of the bylaws and article 8 of the regulations of the general meeting, shareholders may, up until the fifth day before the date the general meeting is to be held and in addition to their right to obtain information on the items included on the agenda, request further information or clarifications or raise questions in writing regarding the public information that the Company has provided to the Spanish CNMV from the date the last general meeting was held and also in relation to the auditors' report. Requests for information may be made by delivering the request to the Company's aforementioned registered office or by sending it by post to the same address (Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040, Madrid). The petitioner must accredit his identity and his shareholder status. The shareholder will be responsible for sending the request in due form and time. The Company's website contains the relevant explanations for shareholders to exercise their right to information under the terms legally envisaged.

For any doubts regarding the delivery of documentation or other matters related to this call, shareholders may approach the Investor Relations Department at the aforementioned address or by calling the shareholder information service on (+34) 91 312 86 38 from 09:00 through to 13:00, Monday to Friday.

RIGHT TO ATTEND

Pursuant to article 30 of the Company's bylaws and article 11 of the general meeting regulations, all Company shareholders whose shares appear registered under their name in the corresponding accounting records five days ahead of the date on which the meeting is to be held may attend the general meeting. In order to exercise their right to attend shareholders must obtain the corresponding attendance card no later than two days ahead of the date of the meeting. The card is issued by the entities participating in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (depository entities). Alternatively, they may also attend the General Meeting with the attendance card made available to them on the Company's website and ready to be printed for attendees. In turn,

depository entities must send a list of the cards they have issued upon the request of their clients to the Legal Services department of ENCE ENERGÍA Y CELULOSA, S.A. (Madrid, Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040) before the scheduled date of the general meeting.

Within the period mentioned above, shareholders may also obtain the aforementioned card at the Company's registered business address (Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040 Madrid), depositing the certificate of the custodians accrediting the registration of their shares in the corresponding Book Entry Register. The attendance card provided by the Company also provides for the possibility of appointing the shareholder's proxy for the purposes indicated below.

Registration of attendance and voting cards will commence at 11:30 am and accreditations will be accepted until 12:30 pm, the specified starting time of the meeting. Shareholders are kindly asked to attend with sufficient lead time to facilitate the process of registration and organisation of the meeting.

RIGHT TO A PROXY

Under the terms envisaged in article 31 of the Company bylaws and 10 of the general meeting regulations, shareholders who do not attend the meeting may empower another person, whether a shareholder or not, to represent them.

Notwithstanding the law for cases of family acting as proxies and for granting general powers, the proxy must be appointed in writing and especially for this meeting by duly completing and affixing the original handwritten signature of the shareholder to the attendance card and proxy form provided by the custodian or by the Company itself, which is available on the Company's web page ready for printing and use by persons who so wish.

Proxies can also be appointed or communicated to the Company by sending the duly completed attendance card and proxy form provided by the custodian or the Company itself affixed with the original handwritten signature of the shareholder to the Company's registered business address by post (Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040, Madrid). The proxy appointed or communicated by these means must be received by the Company by 12 am of the day prior to the date the meeting is to be held on first call. Otherwise, the proxy will not be valid and will be deemed as not having been appointed. The person to whom the vote is delegated may only exercise it by personally attending the general meeting. In the event that voting instructions are not given for the matters not included on the agenda, the proxy may vote in the manner they deem best suits the interests of their principal. The proxy is always revocable. Attendance by the proxy at the meeting, whether in person or having voted remotely, entails the revocation of any delegation, no matter the date thereof.

VOTING BY REMOTE MEANS

Under the terms envisaged in article 36 of the Company bylaws and 25 of the general meeting regulations, shareholders with the right to attend the general meeting may cast their vote on the proposals related to the agenda via post by sending the attendance card and ballot provided by the custodian duly completed and affixed with the shareholders handwritten signature for such purposes to the Company's aforementioned registered office (Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040, Madrid).

In the event that the ballots issued by the aforementioned entities do not provide for the possibility of casting the vote remotely via post, shareholders with the right to attend the general meeting who wish to cast their vote by such means, may obtain the aforementioned ballot at the Company's registered office (Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040, Madrid) and, likewise, it is available on the Company's web page ready for printing and use by persons who so wish. This ballot, duly completed and affixed with the shareholders handwritten signature must be sent to the Company at the address indicated together with the attendance card provided by the custodian or that provided by the Company itself under the terms mentioned above.

The vote cast by post must be received by the Company 24 hours prior to the day the meeting is to be held. Otherwise, the vote will not be valid and will be deemed as not having been cast.

Shareholders with the right to attend who cast their vote under the terms indicated will be considered to be in attendance for the purposes of convening the meeting and, consequently, any delegation of powers made previously will be deemed revoked and those made subsequently will be understood as not to have been made. Votes cast by post will be voided due to subsequent and express revocation carried out by the same means within the period established for such revocation to be issued, attendance in person at the meeting of the shareholder who had cast it and due to the disposal of the shares in relation to which the right to vote was exercised, for which the Company has prior knowledge.

SHAREHOLDERS' ELECTRONIC FORUM

In accordance with article 539.2 of the Spanish Corporate Enterprises Act from the publication of this call, an electronic forum for shareholders will be set up on the Company's web page which can be accessed by shareholders and voluntary associations incorporated and registered in the special register established for such purposes by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV).

Motions intended to be presented as a supplement to the agenda announced in the call, requests for accession to such motions, initiatives to reach the necessary percentage to exercise a non-controlling right envisaged under the law, as well as offers or requests for voluntary proxies may be published in the forum.

The forum does not constitute a channel of communication between the Company and its shareholders and is set up for the sole purpose of facilitating communication between the shareholders of ENCE ENERGÍA Y CELULOSA, S.A. for the purposes of the general meeting being held.

Access to the forum and its terms of use and operation will be governed by the provisions of this notice of meeting and by the rules of the forum, which can be consulted on the Company's website (www.ence.es).

NOTARY PARTICIPATION IN THE MEETING

The board of directors has decided to request the attendance of a notary at the meeting to draw up the minutes in accordance with article 203 of the Spanish Corporate Enterprises Act.

PERSONAL DATA PROTECTION

The personal data that the shareholders provide the Company in order to exercise or delegate their rights to access the electronic forum, and to attend and vote at the general meeting or which are furnished for these purposes by banks and companies and securities dealers in which the aforementioned shareholders have deposited their shares or in which they are being held, shall be processed by the Company for the purpose of managing the development, compliance and control of the existing shareholder relationship with regard to the calling and holding the general meeting. The information will be added to data files in relation to which **ENCE ENERGÍA Y CELULOSA, S.A.** is the data controller.

In all cases and insofar as legally admissible, the data subject will be entitled to access, rectify, block and erase his or her data compiled by **ENCE ENERGÍA Y CELULOSA, S.A.** These rights may be exercised by writing to **ENCE ENERGÍA Y CELULOSA, S.A, Investor Relations Department**, Calle de Beatriz de Bobadilla nº 14, Planta 4ª, Madrid 28040, enclosing a photocopy of the subject's national identity card or passport. In the event that the attendance card, proxy form and ballot includes personal data regarding individuals other than the owner, the shareholder must inform them of the information contained in the previous paragraphs and comply with any other requirements which may be applicable for the proper transfer of the personal data to the Company without requiring that the Company carry out any additional actions.

ADDITIONAL INFORMATION

HOLDING OF MEETING ON SECOND CALL

Shareholders are reminded that, unless otherwise announced in the daily press, the meeting on second call is scheduled for 30 March 2017, at 12:30 at the location specified above.

From one hour before the start of the meeting and at the location where it has been convened, the shareholders or those who validly represent them may submit to the personnel responsible for registering the shareholders their respective attendance cards and proxy forms and, if applicable, the documents accrediting their legal representation.

Madrid, 27 February 2017
Secretary of the board of directors
José Antonio Escalona de Molina

COMPLETE TEXT OF THE MOTIONS SUBMITTED BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. TO THE GENERAL SHAREHOLDERS' MEETING SCHEDULED FOR 29 MARCH 2017 ON FIRST CALL, AND FOR 30 MARCH 2017 ON SECOND CALL

First. Examination and, as the case may be, approval of the financial statements and directors' report of both ENCE ENERGÍA Y CELULOSA, S.A. and its consolidated group for the financial year ending on 31 December 2016.

Motion:

To approve the individual and consolidated financial statements of ENCE ENERGÍA Y CELULOSA, S.A. and its subsidiaries, and the respective directors' reports for the financial year ending on 31 December 2016, as prepared by the Board of Directors of the Company at its meeting held on 27 February 2017.

Second. Examination and, as the case may be, approval of the proposed allocation of profit or loss for the financial year ending on 31 December 2016 for ENCE ENERGÍA Y CELULOSA, S.A.

Motion:

To approve the appropriation of profit for the financial year ending on 31 December 2016, in the amount of €37,957,029 as follows:

Basis of appropriation:

Profit for the year: €37,957,029

Appropriation:

To unrestricted reserves: €1,848,155

To dividend payout: €19,427,878

- Interim dividend agreed on 22 November 2016: €7,824,878

- Supplementary dividend: A complementary dividend at a rate of 0.0473 euros gross per share of ENCE ENERGÍA Y CELULOSA, S.A. with the right to receive it and which is in circulation on the date on which the corresponding payment is made (maximum total amount: € 11,603,000).

The supplementary dividend will be paid in cash on 18 April 2017. Parties appearing as shareholders of ENCE ENERGÍA Y CELULOSA, S.A. at the close of trading on 11 April 2017 in the accounting records of the member companies of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) will be eligible to receive the dividend. Any legally required withholdings will be applied to the gross amounts.

Offsetting accumulated losses: €16,680,996

(Remaining amount of income for the year after previous distributions)

Third. Examination and, as the case may be, approval of the work carried out by the Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. during the year ending on 31 December 2016.

Motion:

To approve the Board of Directors' management of the Company and performance during the financial year ending on 31 December 2016.

Fourth. Re-election of members of the Board of Directors

Four A: Re-election of Ignacio de Colmenares Brunet as executive director as proposed by the board of directors.

Motion:

To re-elect Ignacio de Colmenares Brunet to the Board of Directors of the Company, as an executive director for the statutory period of three years as of the approval of this resolution.

Four B: Re-election of Pedro Barato Triguero as independent director as proposed by the appointments and remuneration committee.

Motion:

To re-elect Pedro Barato Triguero to the Company's board of directors as an independent director for the statutory period of three years as of the approval of this resolution.

Four C: Re-election of Pascual Fernández Martínez as proprietary director as proposed by the board of directors.

Motion:

To re-elect Pascual Fernández Martínez to the Company's board of directors as proprietary director for the statutory period of three years as of the approval of this resolution.

Four D: Re-election of Víctor Urrutia Vallejo as proprietary director as proposed by the board of directors.

Motion:

To re-elect Víctor Urrutia Vallejo to the Company's board of directors as proprietary director for the statutory period of three years as of the approval of this resolution.

Four E: Re-election of Mendibea 2002, S.L., as proprietary director as proposed by the Board of Directors, and acknowledgement of the permanence of Ignacio Comenge Sánchez-Real as the natural person representing Mendibea 2002, S.L. in its capacity as director.

Motion:

To re-elect Mendibea 2002, S.L. as a member of the board of directors of the Company in the capacity of proprietary director for the statutory period of three years as of the approval of this resolution, and acknowledgement of the

permanence of Ignacio Comenge Sánchez-Real as the natural person representing said director.

Fifth. Re-election of auditors of the Company and its consolidated group.

Motion:

To re-elect PricewaterhouseCoopers Auditores, S.L., with registered business address in Madrid at Paseo de la Castellana 259B, Torre PwC; and tax identification code (CIF) B-79031290 as auditors of the Company and its Consolidated Group for a period of 1 year.

The Company's board of directors is hereby authorised to carry out the arrangement or delegate such arrangement to the executive committee or CEO, of the corresponding service agreement with PricewaterhouseCoopers Auditores, S.L. for the aforementioned term and according to the applicable terms, conditions and clauses.

Sixth. Reduction in share capital through the amortization of treasury shares and rewording of articles 5 and 6 in the company bylaws.

Motion:

A) To reduce the share capital of Ence Energía y Celulosa, S.A. by €3,600,000 through the amortization of 4,000,000 treasury shares of 0.9 euro nominal value per share.

This reduction is in execution of the Share Buyback Program approved by the Board of Directors on 23 June 2016 and based on the figure authorised by the General Shareholders' Meeting at its moment.

The reduction in capital will be made against the unrestricted reserves through the provision of a reserve in amortized capital of €3,600,000 (amount equal to the nominal value of the amortized shares), which will only be available under the same requirements applicable for share capital reduction, pursuant to article 335 c) of the Corporate Enterprises Act.

Consequently, and in keeping with the provisions therein, the creditors of the Company will not be entitled to challenge insofar as the agreed capital reduction as stipulated in article 334 of the Corporate Enterprises Act. Given that the purpose of the reduction is to amortize treasury shares of which the Company is proprietor, the reduction will entail no return of contributions to partners.

Execution of the reduction resolution will amend articles 5 and 6 of the bylaws insofar as the figure pertaining to share capital, which will be worded as follows:

“Article 5.- Share Capital.

The Company's share capital is €221,645,250 fully subscribed and paid up.”

“Article 6.- Shares.

The share capital comprises 246,272,500 shares, each pertaining to a single class with a nominal value of €0.90 and represented by book entries.

The 246,272,500 shares constituting the share capital, represented by book entries, are considered to be marketable securities and are governed by securities market regulations.”

- B)** To vest the board of directors with sufficient powers so that the present resolution can be executed within a term of 30 days, in addition to determining any steps not been expressly contemplated in the present resolution or that may be a consequence hereof, and adopting the agreements, taking the pertinent actions and publicly or privately rendering the documents that may be necessary or appropriate for the most comprehensive execution of the present resolution, including yet not restricted to the publication of announcements that might be required by law and the undertaking of requests and notifications that may be necessary to exclude the amortized shares from the stock listing. In this regard, these powers may be delegated by the board of directors to the executive committee, chairman of the board, CEO or secretary of the board of directors, or to any other person to whom the board of directors wishes to grant powers.

Seventh. Authorisation to the board of directors for the acquisition of treasury shares either directly or through companies of the Group, thus voiding the unused part of the authorisation agreed to by the General Shareholders' Meeting on 24 July 2012 as the Third resolution in the agenda.

- A)** To authorise the acquisition of treasury shares through purchase-sale or other legal onerous title by the Company, either directly or through any of its subsidiaries of which the Company is the parent entity, as provided for under articles 146 and subsequent articles, and article 509 of the Corporate Enterprises Act, at any moment and for as many instances as deemed appropriate.

The minimum price or consideration for acquisition will be the equivalent of the nominal value of the acquired treasury shares and the maximum price or consideration will be equivalent of the listed value of the acquired treasury shares on an official secondary market at the time of acquisition.

This authorisation is granted for a term of five years as of the date of the present Meeting and is expressly subject to the limitation that the sum of the nominal value of the treasury shares acquired through the discharge of this authorisation and of the shares already held by Ence Energía y Celulosa, S.A. and any of its subsidiaries (for which the company is the parent entity) may at no time whatsoever exceed the maximum figure permitted by law at any given time.

- B)** To authorise the board of directors to execute the derivative acquisition of the treasury shares of Ence Energía y Celulosa, S.A. in the contemplated terms, and to allocate, whether fully or partially, the already acquired and to-be-acquired treasury shares to disposal or amortization by virtue of the previous authorisation, or the execution of the remuneration systems that consist and exist for the purpose of delivering shares or stock options on the shares of Ence Energía y Celulosa, S.A. to workers and directors in accordance with

section 1.a) under article 146 of the Corporate Enterprises Act; and dividend reinvestment plans or similar shareholder remuneration instruments.

- C) To nullify the unused portion of the motion adopted in this regard by the general shareholders' meeting of the Company held on 24 July 2012, regarding the Third item in the Agenda thereof.

Eighth. Authorisation to the Board of Directors, with express powers of substitution, over a period of five years, to issue marketable fixed-income securities or debt securities of a similar nature, including preference shares, and swappable or share-convertible fixed-income securities with, in the latter case, the power to withdraw preferential subscription rights. Authorisation for the Company to stand guarantee for any new issuances of securities by its subsidiaries. Revocation, in the unused amount, of the authorisation conferred to that end by the general shareholders' meeting of 28 April 2015 under resolution Ten in the agenda.

Motion:

The Board of Directors is hereby authorised, pursuant to the general framework governing bond issues, to issue marketable fixed-income securities or debt securities of a similar nature, including preference shares, as well as swappable or share-convertible fixed-income securities with, in the latter case, the power to withdraw preferential subscription rights. This includes the authorisation for the Company to furnish guarantees on issues of the aforementioned securities by Group companies under the following conditions:

1. Securities issued. The marketable securities covered by this authorisation may be debentures, bonds and other similar fixed income securities, both simple and exchangeable for outstanding shares of the Company or convertible into newly issued shares of the Company as well as warrants (options to subscribe or to acquire new or old shares of the Company). This authorisation may also be used to issue promissory notes and preference shares.
2. Term for delegation of authority. The securities may be issued in one or several stages, at any time, within the maximum period of five years starting on the date on which this resolution is adopted.
3. Maximum amount. The maximum total amount of the issue or issues of securities agreed upon pursuant to this authorisation will be €500 million or the equivalent thereof in another currency.

For the purpose of calculating the aforementioned limit, in the case of the promissory notes, the outstanding balance of those issued under the authorisation will be used; in the case of the warrants, the sum of the premiums and exercise prices of the warrants for the issues agreed upon under this authorisation will be used.

4. Scope of delegation of authority. By way of example and not limitation, the Board of Directors will be responsible for determining, for each issue, the amount (at all times within the applicable quantitative limits), the location of the issue (whether in Spain or abroad), and the currency, and in the event that the issue is in a foreign currency, its equivalence in euros; the format, whether bonds or

debentures, including subordinated, warrants (which may in turn be settled by physical delivery of shares, or, where appropriate, by differences), or any other legally recognised security; the date or dates of the issue; the number of securities and their nominal value, which, in the case of convertible/exchangeable debentures or bonds, will not be lower than the nominal value of the shares. In the case of warrants and similar securities, it will be responsible for determining the price of the issue and/or premium, the strike price (which may be fixed or variable) and the procedure, timeline and other conditions applicable to subscription rights related to the underlying shares, or, where appropriate, the exclusion of said rights. It will also determine the interest rate (whether fixed or variable), dates and procedures for coupon payment; the perpetual or redeemable nature of the issue, and, in the case of the latter, the redemption period and date of maturity; the guarantees, the type of repayment, the batches and the premiums; the form of representation (whether by certificates or book-entry ledger); and, if applicable, the preferential subscription right and subscription regime; and laws applicable to the issue. In addition, it may request, where needed, admission to trading in official or unofficial secondary markets, whether organised or not, Spanish or foreign, for securities issued with the legal requirements stipulated in each case, and, in general, any other condition of an issue (including its subsequent modification). Where appropriate, it may appoint a Trustee and approve the basic rules governing legal relations between the Company and the syndicate of holders or the securities issued.

Likewise, the Board of Directors is empowered, when deemed appropriate, and subject to obtaining the applicable approvals and agreement from the assemblies of the relevant syndicates of asset holders, to modify the conditions of the redemption of the issued fixed income securities and their respective terms and interest rates which, where appropriate, result from each of the issues carried out under this authorisation.

5. Conversion and/or exchange methods and rules. With regard to the issue of the debentures or bonds convertible into new shares of the Company or exchangeable for outstanding shares of the Company, and for the purpose of determining the methods and rules of the conversion and/or exchange, the following criteria are hereby established:

- (i) The Securities will be convertible to the shares of the Company or exchangeable for outstanding shares pursuant to a determined or determinable, fixed or variable, conversion and/or exchange ratio. The Board of Directors is empowered to determine if the securities are convertible or exchangeable, as well as if they are voluntarily or mandatorily convertible or exchangeable. If they are voluntarily convertible or exchangeable, the Board may determine if this is an option of the holder or the issuer, as well as the periodicity and length of time, which will be established in the share agreement and may not exceed 15 years as of the date of issue.
- (ii) If the issue is convertible and exchangeable, the Board may also resolve that the issuer reserves the right to choose at any time between a conversion to new shares or their exchange for outstanding shares, specifying the nature of the shares to be delivered when the conversion or exchange takes place. It

may also elect to deliver a combination of newly issued shares and pre-existing shares, or even to settle the differences in cash. In all events, the issuer must respect the principle of equal treatment among all fixed income securities holders who convert and/or exchange their securities on a given date.

- (iii) For the purposes of the conversion or exchange, fixed-income securities will be valued at their nominal value and shares at the fixed ratio determined by the Board in the resolutions in which it avails itself of this authorisation, or at a ratio to be determined on the date or dates indicated in said resolution, and depending on the stock market price of the Company's shares on the date or dates or in the period or periods used as a reference in the same resolution, with or without a discount, and subject invariably to a minimum of whichever is highest between the two following: (i) the average exchange/conversion value of the shares on the Continuous Market of Spanish stock exchanges, based on the closing price, for a period to be determined by the Board of Directors, and not more than three months or less than fifteen days prior to the date on which the Board of Directors adopts the share agreement relative to the fixed income securities, and (ii) the exchange/conversion value of the shares on the Continuous Market based on the closing price on the day preceding the adoption of the aforementioned share agreement.
- (iv) At the time of the conversion or exchange, the fractions of shares payable to the holders of fixed-income securities will by default be rounded down to the nearest whole number, and each holder will receive any resulting difference in cash.
- (v) Article 415 of the Spanish Corporate Enterprises Act stipulates that the share price for the purpose of the conversion ratio of bonds for shares may not, in any event, be less than their nominal value.

When resolving to carry out an issue of convertible bonds pursuant to the authorisation conferred by the Meeting, the Board of Directors shall issue a report developing and establishing, in light of the criteria detailed above, the methods and rules of the conversion specifically applicable to said issue. This report shall be submitted along with the audit report set forth in Articles 414 and 511 of the Spanish Corporate Enterprises Act.

6. Rights of holders of convertible securities. As long as it is possible to convert or exchange the convertible securities to shares, the holders thereof will enjoy all the rights recognised in current regulations.

7. Capital increase and withdrawal of the preferential subscription rights in convertible securities. The delegation of authorisation in the Board of Directors also comprises, by way of example and not limitation, the following powers:

- (i) The power of the Board of Directors to withdraw, in whole or in part, shareholders' preferential subscription rights when so required because of the raising of financing on domestic or international markets in order to employ demand-projection techniques or when in any other manner so justified by the Company's interests. The maximum limit of this power will be the amount equal to 20% of the Company's share capital. In this case, the Board will issue,

at the time of the adoption of the share agreement, a report explaining the specific corporate interests that justify this measure, which will be covered by the required audit report, in accordance with Articles 414 and 511 of the Spanish Corporate Enterprises Act. Both reports shall be made available to the shareholders and submitted at the first General Meeting held after the adoption of the share agreement.

- (ii) The power to increase capital by the amount necessary to meet requests for conversion relative to newly issued shares. This power may be exercised only if the sum of the capital increase carried out by the Board for the issue of convertible bonds or debentures, warrants and other similar securities plus any other capital increases agreed pursuant to the authorisations granted by the Meeting does not exceed the limit of one half of the share capital set forth in article 297.1.b) of the Spanish Corporate Enterprises Act. This authorisation to increase share capital includes an approval to issue and put into circulation, in one or more stages, the number of shares necessary to execute the conversion as well as approval to amend the article of the bylaws relative to total share capital, and, if applicable, to cancel the portion of said increase not necessary to carry out the conversion.
- (iii) In accordance with the criteria set forth in item 5 above, the power to develop and establish the rules for the conversion or exchange and, in general, the power to determine how many cases and conditions are necessary or appropriate for the issue.
- (iv) The delegation of powers in the Board of Directors encompasses the broadest powers which under Law may be necessary for the interpretation, application, execution and development of the agreements on the issuance of securities convertible or exchangeable into shares of the Company, on one or more occasions, and the accompanying capital increase. Similarly, the Board is granted powers to correct or supplement those agreements in any matters necessary, as well as to effect compliance with any legal requirements expedient to complete them, including the authority to correct omissions or defects within said agreements, indicated by any authorities, public servants or entities, whether Spanish or foreign. The Board is also authorised to enact any agreements and provide any public or private documents deemed necessary or pertinent to adapt the foregoing agreements on the issuance of convertible or exchangeable securities and the corresponding capital increase to the verbal or written assessment of the Companies Registry, and, in general, of any other relevant authorities, public servants or institutions, whether Spanish or foreign.

The Board of Directors will inform the General Meetings held by the Company on the use of the authorisations delegated in this agreement until that moment.

8. Admittance for trading. By virtue of the delegation of authority, the Board of Directors is empowered, when the case may arise, to admit to trading—in official or unofficial secondary markets, organised or not, Spanish or foreign—the debentures, bonds, warrants, preference shares, promissory notes and any other securities issued by the Company by virtue of the authority delegated, and in such an event it will carry out the procedures and actions with the pertinent bodies in

Spanish and foreign securities markets as required to permit their admission to trading.

9. Guarantee of issuances by Group companies. The Board of Directors is also authorised to guarantee, on behalf of the Company, and within the limits set forth above, the issuance of the securities indicated in item 1 above by companies belonging to its Group.

10. Substitution in the Executive Committee. The Board of Directors is authorised to delegate to the Executive Committee the delegated powers referred to in this resolution.

This resolution nullifies the unused portion of the authorisation to issue debentures or bonds and other similar fixed income securities granted for said purpose to the Board of Directors by the General Shareholders' Meeting held on 28 April 2015, in item ten of the agenda.

Ninth. Delegation of powers to interpret, further specify, rectify, implement and formalise the resolutions adopted by the general shareholders' meeting.

Motion:

Notwithstanding the authorisations delegated in the preceding resolutions, a resolution is hereby adopted to:

A) Expressly delegate authorisation to the Board of Directors, with the full legally required scope, to:

1.- To interpret, clarify, specify, complete or correct the resolutions adopted by this General Shareholders' Meeting or those resolutions set forth in any deeds or documents granted for executing said resolutions, and in particular all omissions, defects or errors of form or substance that may impede the access of these resolutions and of the consequences thereof to the Companies Registry.

2.- To answer all questions that may arise with regard to the resolutions adopted by this General Shareholders' Meeting.

3.- To carry out all legal transactions necessary or advisable to execute the resolutions adopted by this General Shareholders' Meeting, executing as many notarially or non-notarially recorded documents of these resolutions as they deem necessary or advisable.

4.- To delegate to one or more of its members, jointly or jointly and severally, or to the Executive Committee, with powers of substitution, all or some of the powers that it deems appropriate of those corresponding to the Board of Directors and all of those powers conferred on it by this General Shareholders' Meeting.

B) To empower expressly, and as broadly as required under the law, the Chairman of the Board of Directors, the Chief Executive Officer and the Secretary of the Board of Directors, so that, indistinctly and solely with their signature and in due observance of the resolutions adopted by this General Shareholders' Meeting, they may have said resolutions put in the form a notarial instrument, with special authorisation for all arrangements necessary to carry out and comply with said resolutions; to execute all notarially or non-notarially recorded documents

necessary and to take any action deemed necessary or appropriate for the achievement of said purpose, including the publication of legal announcements, vis-à-vis any public or private bodies or agencies for the purposes of registering the documents in the Companies Register and other public registers, as applicable, and with the power to draw up documents for the purpose of ratification, rectification, correction and clarification, following verbal suggestions or written appraisals by the Companies Register - and also with the power to apply for partial entry of the documents for registration - and by the National Securities Market Commission and any other official body whether public or private; to make any relevant arrangements with the bodies in order to implement and achieve the approved resolutions and to process files and documentation of any type required by the National Securities Market Commission and other public or private bodies; and in general to carry out any action required in relation to the resolutions adopted by this General Meeting.

Tenth. Consultative vote on the 2016 annual report on directors' remuneration.

The 2016 annual report on remuneration, approved by the Board of Directors and made available to shareholders along with the remaining documentation of the General Meeting since the date of the meeting notice, is submitted for a consultative vote.