

TO THE COMISIÓN NACIONAL DEL MERCADO DE VALORES

In order to comply with article 228 of the Texto Refundido de la Ley de Sociedades de Capital, approved by Royal Legislative Decree 4/2015, of October 23rd, PAPELES Y CARTONES DE EUROPA, S.A. (The "Company"), hereby informs the National Securities Market Commission of the following

RELEVANT FACT

Brief descriptive summary: Call for the General Shareholders' Meeting on June 27th, 2018 at 10:00 on first call and, on the second call, the following day, June 28th, at the same time; Agenda and proposals for agreements.

Detail: (You will find the information below)



NOTIFICATION OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF "PAPELES Y CARTONES DE EUROPA, S.A."

NOTIFICATION OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF "PAPELES Y CARTONES DE EUROPA, S.A."

The Board of Directors of "PAPELES Y CARTONES DE EUROPA, S.A." (hereinafter, the "Company"), in accordance with applicable legal regulations and pursuant to the provisions of the Company's current Articles of Association, at the meeting thereof, held on 16 May 2018, has resolved to call the Company's shareholders to the Ordinary General Shareholders' Meeting of the Company, that shall be held at Avenida de Fuencarral 98, Alcobendas, 28108 Madrid, on 27 June 2018, at 10 am, by way of first call, or on the following day, namely 28 June 2018, at the same place and time, by way of second call, in order to deliberate and adopt resolutions in relation to the issues included within the following agenda to the meeting:

AGENDA

1. Review and approval of the individual Annual Accounts and Management Report of "Papeles y Cartones de Europa, S.A." as well as the consolidated Annual Accounts and Management Report of "Papeles y Cartones de Europa, S.A." and its Subsidiaries, for the year ending 31 December 2017.
2. Approval of the management of the Board of Directors of the Company corresponding to the year ended on 31 December 2017.
3. Application of the results of the year 2017.
4. Report regarding the remuneration of Board Members, in accordance with Article 541.4 of the Capital Companies Act, for the advisory vote of the General Shareholders' Meeting.
5. Remuneration policy of the Company.
6. Determination of the remuneration of the Board of Directors.
7. Re-election of "Ernst&Young Auditores, S.L." as the accounts auditors of the Company and of the consolidated Group thereof.
8. Re-election, appointment and ratification, as the case may be, of Board Members:
 - 8.1. Re-election of Mr Vicente Guilarte Gutiérrez as another External Director
 - 8.2. Re-election of "Aguasal S.A.U." as a Proprietary Director
 - 8.3. Determination of the number of Board Members. Continued vacancy within the Board of Directors.
9. Increase in the share capital by the maximum sum of up to 7,939,026 euros by means of the issue and release of up to 3,969,513 new shares with the free assignation and allotment, without consideration, of one new share for every 25 previously existing shares, to be charged against the unrestricted reserves of the Company. Express provision regarding incomplete allotment. Delegation of powers upon the Board of Directors, with express authorisation, in turn, to delegate said powers upon the Executive Committee, to establish the terms and conditions of the share capital increase in respect of all aspects not provided for by the General Shareholders' Meeting, to carry out all of the necessary acts for the execution thereof, to adapt the wording of Article 5 of the Articles of Association to the new amount of share capital and to execute all public and private documents necessary for the execution of the share capital increase. Request before the competent bodies for the listing of the new company shares at the Stock Exchanges of Madrid and Barcelona, through the integrated stock exchange system (Electronic Market).
10. Delegation of powers in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, in order to, in accordance with the provisions of Articles 297.1 (b) and 506 of the Capital Companies Act, increase the share capital within the

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maximum period of five years, by a single or by several different share capital increases and by up to half of the current share capital, with the power to exclude or waive preferential share subscription rights, and the revocation of the authorisation granted by the Ordinary General Shareholders' Meeting of the Company of 24 June 2015.

11. Authorisation in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, for the derivative acquisition of treasury shares, and authorisation for the subsidiary companies to acquire shares of "Papeles y Cartones de Europa, S.A."; and all of the foregoing within the limits and subject to the requirements provided for under Article 144 and subsequent articles of the Capital Companies Act, and the revocation of the authorisation granted by the Ordinary General Shareholders' Meeting of the Company of 24 June 2015.
12. Delegation of powers in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, to issue, by a single or by several different operations, debentures, bonds and other simple fixed-income securities or similar debt instruments (including bonds, promissory notes or warrants), as well as fixed-income securities convertible and/or exchangeable for shares of the Company; the establishment of criteria for the determination of the terms and modalities for the conversion and/or exchange, with the power to exclude or waive preferential share subscription rights, and the revocation of the authorisation granted by the Ordinary General Shareholders' Meeting of the Company of 24 June 2015.
13. Reduction of the share capital by 3,969,512 Euros by means of the amortisation of 1,984,756 treasury shares that represent 2% of the share capital. Delegation of powers in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, to set the conditions for the reduction in those terms not covered by the General Shareholders' Meeting including, among other issues, the power to redraft Article 5 of the Articles of Association and to request the exclusion from listing and the cancelation of the accounting records of the shares that are amortised, as well as to grant whatsoever public and private documents as may be necessary to carry out the reduction.
14. Delegation of powers, including the power to delegate said powers upon others, for the full implementation, execution, rectification and interpretation of the foregoing resolutions, as well as for the formalisation thereof by way of public deed, in the broadest possible terms thereof.
15. Approval, if applicable, of the Minutes of the General Shareholders' Meeting, in any of the forms provided for under Article 202 of the Capital Companies Act or, as the case may be, application of the provisions of Article 203 thereof.

Right of attendance, proxy representation and distance voting

The shareholders that hold 50 or more shares with voting rights may attend the General Shareholders' Meeting, with the right to exercise speaking and voting rights, provided that said shares are registered in their name in the corresponding book entry register at least five (5) days prior to the General Shareholders' Meeting. Any shareholder that has the right to attend the General Shareholders' Meeting may be represented at the meeting by means of another person, whether or not a shareholder.

The shareholders that hold less than 50 shares may group their shares together and confer their representation, in writing, and for the General Shareholders' Meeting, upon any other shareholder that has the right to attend the General Shareholders' Meeting.



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The shareholders with the right to attend the meeting may confer their representation or remotely cast their vote in relation to the proposals regarding the points included on the agenda to the meeting either in writing or by postal correspondence (by forwarding to the Company the attendance, delegation and remote voting card, duly completed, and addressed to the Secretary of the Board of Directors of "Papeles y Cartones de Europa, S.A.", at Avenida de Fuencarral 98, Alcobendas, 28108 Madrid, Spain) or by electronic channels (by e-mail with return receipt to the Secretary of the Board of Directors of "Papeles y Cartones de Europa, S.A." via e-mail address: infoaccionistas@europacgroup.com by forwarding to the Company the attendance, delegation and remote voting card, duly completed and digitally signed by way of the recognised digital signature thereof, based upon the electronic D.N.I. (National Identification Document) thereof or an electronic certificate issued by the Fábrica Nacional de Moneda y Timbre [National Coinage and Stamp Factory - The Spanish Royal Mint], provided that said certificate has not been revoked).

The proxy representations and the remote votes cast by means of postal or electronic correspondence must be received by the Company, as a general rule, prior to 00:00 am (midnight) on the day prior to the date of the General Shareholders' Meeting.

Right to information

As from the date of publication of this notification, the shareholders shall be entitled to examine at the registered office of the Company, to request the immediate and free of charge issue or remittance (which may be carried out by way of e-mail with return receipt if the shareholder accepts said modality) and to obtain through the corporate web page (www.europacgroup.com) a copy of (i) the individual annual accounts and management reports of the Company as well as the consolidated annual accounts and management reports that include the subsidiary companies, together with the respective audit reports, for the year 2017; (ii) the resolution proposals; (iii) the annual report on the remuneration of Board Members; (iv) the reports of the Appointments and Remuneration Committee regarding the remuneration policy of the Company and regarding the re-elections of the Board Members, Mr Vicente Guilarte Gutiérrez and "Aguasal S.A.U.", represented by Ms M^a Amelia Isidro Rincón; (v) the reports of the Board of Directors regarding: a) the re-elections of Mr Vicente Guilarte Gutiérrez as another External Director and of "Aguasal S.A.U" as a Proprietary Director; b) the increase of the share capital against the unrestricted reserves; c) the delegation of the power to increase the share capital within the maximum period of five years, by a single or by several different share capital increases and by up to half of the current share capital, with the power to exclude or waive preferential share subscription rights; d) the delegation of the power to issue debentures, bonds and other simple fixed-income securities or similar debt instruments (including bonds, promissory notes or warrants), as well as fixed-income securities convertible and/or exchangeable for shares of the Company, with the power to exclude or waive preferential share subscription rights; e) the reduction of share capital by means of the amortisation of treasury stock; as well as the rest of the documentation that, for the purposes of this General Shareholders' Meeting, must necessarily be provided thereto.

Furthermore, as from the date of the notification and until the fifth day prior to the date of the General Shareholders' Meeting, inclusive, shareholders may request, in writing, the report or clarifications that they deem necessary, or may formulate, in writing, the questions that they deem pertinent, in relation to the points included on the agenda to the meeting. Moreover, within the same period and in the same manner, shareholders may request reports or clarifications, or formulate questions, in writing, in relation to the information that is available to the public and that had been provided by the Company to



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the Spanish National Securities Market Commission (CNMV) as from the date of the previous General Shareholders' Meeting.

All of the foregoing requests for information may be formulated by means of hand delivery of the request at the registered office of the Company or by means of the remittance thereof to the Company by postal correspondence (addressed to the Secretary of the Board of Directors of "Papeles y Cartones de Europa, S.A.", at Avenida de Fuencarral 98, Alcobendas, 28108 Madrid, Spain) or by way of electronic request, which must include the recognised digital signature of the party that requests said information (by e-mail with return receipt to the Secretary of the Board of Directors of "Papeles y Cartones de Europa, S.A." via e-mail address: infoaccionistas@europacgroup.com digitally signed by way of the recognised digital signature thereof, based upon the electronic D.N.I. (National Identification Document) thereof or an electronic certificate issued by the Fábrica Nacional de Moneda y Timbre [National Coinage and Stamp Factory - The Spanish Royal Mint], provided that said certificate has not been revoked). The request of the shareholder must include the name and surname(s) thereof, and must state the shares that are held thereby, in order that said information may be verified against the list of shareholders and the number of shares in the name thereof, as provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." or any other corresponding entity. The shareholder shall be responsible for proving the remittance of the request to the Company within the established period and in the stipulated form.

Right to request the publication of a complementary notification and to present justified resolution proposals

The shareholders that represent at least three (3) per cent of the share capital may request that a complementary notification for the General Shareholders' Meeting be published, thereby including one or more points on the agenda thereto, provided that the new points to be included are accompanied by a justified report and resolution proposal, and furthermore may present justified resolution proposals regarding aspects that are already included or that must be included on the agenda to the called General Shareholders' Meeting. The exercise of this right shall be carried out by means of a formal notification that must be received at the registered office of the Company within the period of five days following the publication of the meeting notification. Requests for complementary notifications and the presentation of justified resolution proposals must include the name and surname(s) of the shareholders that file the request, and must state the shares that are held thereby, in order that said information may be verified against the list of shareholders and the number of shares in the name thereof, as provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." or any other corresponding entity.

Exercise of the rights of attendance, delegation or proxy representation, distance voting, information, request for the publication of a complementary notification and presentation of justified resolution proposals

Without prejudice to the provisions of applicable law and the corporate governance of the Company, the exercise of the rights of attendance, delegation or proxy representation, distance voting, information, request for the publication of a complementary notification and presentation of justified resolution proposals may be carried out by means of the hand delivery of the request at the registered office of the Company or by means of the remittance thereof to the Company by postal

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correspondence (addressed to the Secretary of the Board of Directors of "Papeles y Cartones de Europa, S.A.", at Avenida de Fuencarral 98, Alcobendas, 28108 Madrid, Spain) or by way of electronic request, which must include the recognised digital signature of the party that requests said information (by e-mail with return receipt to the Secretary of the Board of Directors of "Papeles y Cartones de Europa, S.A." via e-mail address: infoaccionistas@europacgroup.com digitally signed by way of the recognised digital signature thereof, based upon the electronic D.N.I. (National Identification Document) thereof or an electronic certificate issued by the Fábrica Nacional de Moneda y Timbre [National Coinage and Stamp Factory - The Spanish Royal Mint], provided that said certificate has not been revoked) or may also be addressed to the Shareholder Service: at Avenida de Fuencarral 98, Alcobendas, 28108 Madrid, Spain, from Monday to Thursday, from 9:00 am to 7:00 pm and Fridays from 9:00 am to 3:00 pm, telephone number (+34) 914 902 160. The request of the shareholder(s) must include the name and surname(s) thereof, and must state the shares that are held thereby, in order that said information may be verified against the list of shareholders and the number of shares in the name thereof, as provided by "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." or any other corresponding entity. The shareholder shall be responsible for proving the remittance of the request to the Company within the established period and in the stipulated form.

Additional information and documentation available on the corporate web page

Shareholders have available via the corporate web page (www.europacgroup.com) of the Company, which shall remain permanently available until the day of the General Shareholders' Meeting, the documentation and information that is set out hereinbelow:

(1) this notification of the General Shareholders' Meeting; (2) the total number of shares and voting rights as at the date of the meeting notification; (3) the individual annual accounts and management report of the Company for the year 2017 and the respective audit report thereof; (4) the consolidated annual accounts and management report of the Company which include the subsidiary companies thereof for the year 2017 and the corresponding audit report; (5) the sworn declarations of the directors that, together with the documents set out in the two preceding points, constitute the annual financial report of the Company for the year 2017; (6) the complete text of the resolution proposals corresponding to the points included on the agenda to the meeting, together with the reports in relation to the resolution proposals that are required or that, alternatively, have been considered pertinent, that is: (7) the Annual report on the remuneration of Board Members; (8) the Report issued by the Board of Directors on the Remuneration Policy of the Board; (9) the Report issued by the Appointments and Remuneration Committee on the Remuneration Policy of the Board Members; (10) the Report issued by the Audit Committee on the re-election of the Accounts Auditors; (11) the report of the Appointments and Remuneration Committee regarding the proposals for the appointment and re-election of Directors; (12) the report of the Board of Directors regarding the proposals for appointment and re-election of the Board Members; (12.1) the curriculum vitae of Mr Vicente Guilarte Gutiérrez and (12.2) Ms M^a Amelia Isidro Rincón, as the natural person legal representative of "Aguasal S.A.U."; (13) the report of the Board of Directors regarding the increase of the share capital charged against the unrestricted reserves; (14) the report of the Board of Directors regarding the delegation of the power to increase the share capital within the maximum period of five years, by a single or by several different share capital increases and by up to half of the current share capital, with the power to exclude or waive preferential share subscription rights; (15) the report of the Board of Directors regarding the delegation of the power to issue debentures, bonds and other simple fixed-income securities or similar debt instruments (including bonds, promissory notes or warrants), as well as fixed-income securities convertible and/or exchangeable for shares of the Company, with the power to



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exclude or waive preferential share subscription rights; (16) the report of the Board of Directors regarding the reduction of the share capital by way of the amortisation of treasury shares; (17) the Annual Corporate Governance Report for the year 2017; (18) the template attendance, delegation and remote voting card.

Moreover, shareholders shall have permanently available until the date of the General Shareholders' Meeting, and via the corporate web page of the Company (www.europacgroup.com) the information regarding the total number of shares and voting rights as at the date of the publication of this meeting notification.

ELECTRONIC SHAREHOLDERS FORUM

In accordance with applicable law, an electronic shareholders forum has been set up on the corporate web page of the Company (www.europacgroup.com), that may be accessed securely by both individual shareholders as well as by the voluntary shareholder associations that have been validly incorporated and registered in the special register managed by the Spanish National Securities Market Commission (CNMV) or any other party that may be authorised at law from time to time.

NOTARY FORMALITIES

The Board of Directors has agreed to request the services of a Notary Public in order to issue a notary certificate regarding the General Shareholders' Meeting, for the purposes of enhanced legal certainty in relation thereto.

PERSONAL DATA PROTECTION

The personal data that the shareholders provide to the Company by reason of the exercise or delegation of their rights to information, attendance, proxy representation and voting rights at the General Shareholders' Meeting or provided by the credit institutions and investment services companies where the shareholders have deposited their shares or by the entities that, in accordance with the securities market regulations, must keep registers by means of book entries, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), will be treated and included in files for which the Company is responsible for the purpose of managing and controlling both the shareholder relationship and the call, celebration and diffusion of the General Shareholder's Meeting, as well as fulfilling the Company's legal obligations.

The abovementioned data shall be provided to the Public Notary exclusively for the purpose of issuing the Notary's certificate regarding the General Shareholders' Meeting and may be provided to third parties so as to exercise the right of information provided by law or accessible to the public insofar as it appears in the documentation available on the corporate website (www.europacgroup.com) or manifest itself in the General Shareholder's Meeting.



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Interested parties are entitled to submit their requests to **access, correct, challenge, cancel, portability or withdrawal** of their consent by written notification addressed to PAPELES Y CARTONES DE EUROPA, S.A., avenida de Fuencarral, 98, 28108 Alcobendas (Madrid) or by e-mail: dpo@europacgroup.com. They are also entitled to contact the Data Protection Officer that EUROPAC has appointed for that purpose, on the following e-mail: dpo@europacgroup.com. In both cases the following subject "Data protection" shall be included. Interested parties are also be entitled to complain to the Spanish Agency for Data Protection (www.agpd.es) in accordance with the provisions of the applicable regulations.

In the event that the attendance, delegation and remote voting card of the shareholder includes personal information in relation to other natural persons, the shareholder must inform said persons of the terms of the preceding paragraphs and must comply with any other requirements that may be applicable for the correct disclosure and transfer of the personal information to the Company, without the Company having to perform any other action whatsoever.

ADDITIONAL INFORMATION

In order to obtain further information regarding the General Shareholders' Meeting, please contact the Shareholder Service: at Avenida de Fuencarral 98, Alcobendas, 28108 Madrid, Spain, telephone number: (+34) 914 902 160, from Monday to Thursday, from 9:00 am to 7:00 pm and Fridays from 9:00 am to 3:00 pm, e-mail: infoaccionistas@europacgroup.com.

Shareholders are hereby notified that it is expected that the General Shareholders' Meeting shall be held by way of first call.

In Alcobendas (Madrid, Spain), 25 May 2018.

The Chairman of the Board of Directors
Mr José Miguel Isidro Rincón
Papeles y Cartones de Europa, S.A.



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FORMULATION OF THE PROPOSALS TO BE SUBMITTED FOR THE
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FORMULATION OF THE PROPOSALS TO BE SUBMITTED FOR THE APPROVAL OF
THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF 27 JUNE 2018

On the basis of the reports submitted and after examining the annual accounts and other documentation made available to the directors, the Board of Directors of PAPELES Y CARTONES DE EUROPA, S.A. (EUROPAC or the "Company") unanimously agreed on 16 May 2018 to propose the approval of the following items by the company's General Shareholders' Meeting:

1. **Examination and approval of the individual Annual Accounts and Management Report of Papeles y Cartones de Europa S.A. as well as the consolidated Annual Accounts and Management Report of Papeles y Cartones de Europa S.A. and its Subsidiaries corresponding to the year ended on 31 December 2017.**

PROPOSAL

To approve the individual annual accounts for the financial year ended 31 December 2017, comprising the statement of financial position, income statement, statement of changes in equity, statement of cash flows and the notes to the financial statements, all of which were prepared using the ordinary format, as prepared by the Board of Directors in its meeting held on 28 February 2018 and verified by the Company's auditor, as shown in its audit report.

To approve the individual management report corresponding to the financial year ended on 31 December 2017, as prepared by the Board of Directors in its meeting held on 28 February 2018.

To approve the consolidated annual accounts for the financial year ended 31 December 2017, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, as prepared by the Board of Directors in its meeting held on 28 February 2018 and verified by the Company's auditor, as shown in its audit report.

To approve the consolidated management report for the financial year ended 31 December 2017, as prepared by the Board of Directors on 28 February 2018.

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It is hereby stated that, in accordance with the content of the consolidated notes to the financial statements, the consolidated group comprises Papeles y Cartones de Europa, SA, Europa & C Portugal SGPS, SA Europa & C Embalagem, SA, Lepe - Empresa Portuguesa de Embalagens, Ovar, SA, Europa&C Distribuição da Madeira, Lda., Europa&C Kraft Viana, SA, Europa&C Recicla Portugal, SA, Europa&C Energia Viana, SA, Iberia Capital – Fundo Especial de Invest. Imob., Iberian Forest Fund - Special Fund of Invest.Imob.Florest., Greenfrequency Energía, SA, Herederos de D. Timoteo SL, Europac Packaging Lucena, S.L.U., Europac Recicla, SA., Europac Papeterie de Rouen, SAS, Europac Cartonnerie de Rouen, SAS, Europac Cartonnerie Atlantique, SAS, Europac Cartonnerie Savoie, SAS, SCI Europac, SC, Cartonajes Santander, SL, Cartonajes Cantabria SL, Euskocarton SL and Industria Cartonera Asturiana, SA., with the parent company being Papeles y Cartones de Europa, SA

2. **Approval of the management activities of the Board of Directors of the Company for the year ending 31 December 2017**

PROPOSED RESOLUTION

Approve the management activities of the Board of Directors during the aforementioned year.

3. **Application of the results for the year 2017**

PROPOSED RESOLUTION

The approved individual income statement sets out that the Company, during the year ending 31 December 2017, has obtained a positive result (profits) in the sum of **60.361.012,43Euros**, that shall be applied in accordance with the proposed resolution drafted by the Board of Directors, dated 28 February 2018, as set out hereinbelow:

- **6.036.101,24 Euros** to the legal reserve.
- **15.343.437,69_Euros** to the voluntary reserve.
- **38.981.473,50 Euros** to be distributed by way of dividends among the shares of the Company that are outstanding three days prior to the effective date of the dividend distribution. From the foregoing dividend, 11.694.332,13 Euros have already been distributed on February 26th 2018 by virtue of the resolution of the Board of Directors dated February 15th 2018.

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To authorise the Chairman of the Board of Directors and/or the Board of Directors jointly and severally, and with the power of sub-delegation, to conduct the effective distribution of the dividend in a period of two months from this approval, as well as to designate the Agent Bank and to perform all necessary proceedings and processes for this purpose.

4. Report on Remuneration of Directors in accordance with Article 541.4 of the Capital Companies Act, to be put to an advisory vote

PROPOSAL

To approve the annual directors' remuneration report, dated 28 February 2017, which is to be made available to the shareholders together with the other documentation relating to the General Meeting as from the date the meeting is called.

This vote is of an advisory nature.

5. Remuneration policy of the Company

Approve the remuneration policy of the Company drafted by the Board of Directors at the meeting thereof held on 16 May 2018, the text of which has been available to the shareholders, together with the rest of the documentation related to the General Shareholders' Meeting, from the date of the announcement of the General Shareholders' Meeting.

6. Setting the remuneration of the Board of Directors

PROPOSAL

In accordance with the provisions of the Articles of Association and pursuant to the proposal of the Appointments and Remuneration Committee dated 25 April 2018, to decide on:

- According to article 46.2 of the RCA, maintenance of attendance fees for each meeting of the Board of Directors for 2018 at 3,000 euros per session.

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- In accordance with the terms of paragraph 3 of Article 46 of the Articles of Association, allocate in favour of the Board of Directors 4% of the Company's profits for the year 2017, that is to say, 2.414.440 Euros.
- Setting the annual remuneration of the Board of Directors for 2018, in accordance with Article 46.4 of the Articles of Association, at 2.041.000 euros.

The Board of Directors is empowered to distribute discretionally and annually among its various members the amounts referred to in sections 2 and 3 above, according to the executive functions entrusted to them and on the basis of the specific functions that each of them performs in the Board.

7. Re-election of Ernst & Young Auditores, S.L. as the auditors of the Company's and its consolidated Group.

PROPOSAL

To re-elect Ernst & Young, S.L., a company with registered address at Pablo Ruiz Picasso 1, 28020 Madrid, registered in the Companies Registry of Madrid in Volume 12,749, Book 0, Section 8, Folio 215 and Page M-23123, registered with Number S0530 in the Official Registry of Accounts Auditors of the Accounting and Auditing Institute and with Tax Identification Number B-78970506, as the Company's auditors, for a period of one year, that is, from 1 January 2018, to conduct the audit of both the individual and the consolidated financial statements for the year ended 31 December 2018.

The Governing Body is expressly empowered to delegate to any of its members the negotiation and signing of the appropriate contracts.

8. Re-election, appointment and ratification, as the case may be, of Board Members. Re-election of Mr Vicente Guilarte Gutiérrez as another External Director. Re-election of "Aguasal S.A.U." as a Proprietary Director. Determination of the number of Board Members. Continued vacancy within the Board of Directors.

PROPOSED RESOLUTION

Re-elect Mr Vicente Guilarte Gutiérrez, subject to the prior favourable report of the Appointments and Remuneration Committee, as a member of the Board of Directors, with effects as from the date of this General

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Shareholders' Meeting, and for the period provided for in the Articles of Association, namely for four (4) years, as another External Director.

Re-elect "Aguasal S.A.U.", the natural person legal representative of which is Ms M^a Amelia Isidro Rincón, subject to the prior favourable report of the Appointments and Remuneration Committee, as a member of the Board of Directors, with effects as from the date of this General Shareholders' Meeting, and for the period provided for in the Articles of Association, namely for four (4) years, as a Proprietary Director.

The General Meeting being informed that on June 28th, 2017, a vacancy occurred in the Board of Directors as a result of the resignation as Proprietary Director of Cartera Industrial Rea, S.A. represented by Mr. Antonio González-Adalid, it is proposed to adopt the agreement to maintain the number of members of the Board of Directors at eleven, thus maintaining the aforementioned vacancy produced as a result of the resignation of Cartera Industrial Rea, S.A

9^a. Capital increase up to a maximum amount of 7,939,026 euros by issuing up to 3,969,513 shares with the free allocation of one new share for every 25 old shares charged to unrestricted reserves. Express provision of the possibility of incomplete allocation. Delegation of powers to the Board of Directors, with the power of substitution by the Executive Committee, to set the conditions of the bonus issue in all aspects not decided by this General Meeting, perform the acts necessary for its execution, adapt the wording of Article 5 of the Articles of Association to the new figure for the share capital and to execute any public and private documents that may be necessary to execute the bonus issue. Request to the competent bodies for admission to trading of the new shares in the Stock Exchanges of Madrid and Barcelona through the integrated stock exchange system (Electronic Market).

PROPOSAL

1. Capital increase

It is agreed, in accordance with Article 303 of the Capital Companies Act, to increase the Company's share capital by a maximum of 7,939,026 euros by issuing and putting into circulation up to 3,969,7513 new shares .

The new shares are issued at par value, i.e. at their nominal value of two (2) euros, with no share premium, and they will be allocated free of charge to the shareholders of Papeles y Cartones de Europa S.A. at a rate of one new share for every 25 old shares.

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The capital increase will be fully charged to reserves in accordance with Article 303 of the Capital Companies Act, with all issue, allocation, circulation and admission to trading expenses to be borne by the Company. Nevertheless, subscribers shall pay the expenses and commissions relating to the subscription, management and deposit of the shares issued as a result of this capital increase.

The capital increase may be executed, within one year following the date that this resolution is adopted, by the Board of Directors, with the power of substitution by the Executive Committee, at its exclusive discretion and therefore without the need to once again consult the General Shareholders' Meeting, and in accordance with the legal and financial conditions at the time the capital increase is performed.

Article 311 of the Capital Companies Act provides for the possibility of incomplete allocation of the increase in the event of a waiver of all or part of the free allocation rights by those holding such rights. Therefore, in the event of such a waiver, the capital will be increased by the corresponding amount.

2. Free allocation rights

Each share of the Company will grant a free allocation right, with 25 free allocation rights required in order to obtain a new share. Consequently, recognised shareholders will be entitled to receive one new share for every 25 old shares that they hold.

The free allocation rights will be allocated to Company's shareholders that are recognised as such in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) on the corresponding date in accordance with the securities clearing and settlement rules applicable at any time. During the trading period of the free allocation rights, a sufficient number of said rights may be acquired in the necessary proportion so as to subscribe new shares. The free allocation rights may be traded in the market during the period determined by the Board with a minimum of fifteen calendar days, starting on the trading day following publication of the announcement of the offer in the Official Companies Registry Gazette.

3. Balance sheet for the operation and reserve charged for the increase

The balance sheet acting as the basis for the operation is that corresponding to 31 December 2017, duly audited and approved by the Ordinary General Shareholders' Meeting.

As indicated above, the capital increase will be made entirely from the unrestricted reserve named voluntary reserves, from undistributed profits, which amounted to 17.705.981,14 euros on 31 December 2017.

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4. Representation of the new shares

The shares issued will be represented by book entries, the accounting of which is performed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its subsidiaries.

5. Rights of the new shares

The new shares will give their owners the same voting and economic rights as the Company's ordinary shares currently in circulation as from the date on which they are declared subscribed and paid-up.

6. Shares held on deposit

Once the trading period of the free allocation rights has ended, the new shares which it has not been possible to allocate for reasons not attributable to the Company will be held on deposit available for those who prove recognised ownership of the corresponding free allocation rights.

Three years after the end of the trading period for the free allocation rights, shares that are still pending allocation may be sold in accordance with the provisions of Article 117 of the Capital Companies Act at the risk and expense of the interested parties. The net amount of the aforementioned sale will be deposited with the Bank of Spain or the Government Depository and available to the interested parties.

7. Application for admission to official trading

It is agreed to apply for admission to trading of the new shares on the Madrid and Barcelona Stock Exchanges, through the Integrated Stock Exchange System (Electronic Market), with it expressly recorded that the Company is subject to any rules that exist or may be issued with regard to the Stock Exchange.

In accordance with Article 34.2 of the Recast Text of the Securities Market Act and Article 26.1.e) of Royal Decree 1310/2005, of 4 November, it will not be necessary to publish a prospectus for the admission to trading of the new shares providing a document is available that contains information on the number and nature of the shares and the reasons and details of the offer.

8. Execution of the increase

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Within one year from the date of this resolution, the Board of Directors or, as the case may be, the Executive Committee, may agree to carry out the increase and set the terms of this increase in all matters not provided for in this resolution. Nevertheless, in the event that the Board of Directors or, as the case may be, the Executive Committee, does not consider it appropriate to execute the share increase in the aforementioned period, it may submit the possibility of revoking said increase to the General Meeting.

Once the trading period for the free allocation rights has ended:

(a) The new shares will be allocated to those who, in accordance with the accounting records of Iberclear and its subsidiaries, are entitled to free allocation rights in the proportion set out in paragraph 2 above.

(b) The Board of Directors, or the body or person to which it delegates, will declare the trading period for the free allocation rights closed and shall proceed to formalise the accounting of the application of the voluntary reserves to the amount of the capital increase, which is deemed to be paid-up with said application.

Similarly, once the trading period for the free allocation rights has ended, the Board of Directors, or the body or person to which it delegates, will adopt the corresponding resolutions to amend the Articles of Association to reflect the new figure for the capital resulting from the increase and to request admission to trading of the new shares on the Madrid and Barcelona Stock Exchanges.

9. Delegation for execution

It is agreed to delegate to the Board of Directors, with the power of substitution by the Executive Committee, its Chairman, Vice-Chairman, as the case may be, and Secretary, in accordance with the provisions of Article 297 of the Capital Companies Act, the power to set the conditions of the capital increase in all matters not provided for in this resolution. In particular, and for merely informative purposes, the following powers:

- a) Indicating the date on which the resolution thus adopted to increase the share capital shall be carried out, at any event within a period of one year following its approval.
- b) Setting the exact amount of the capital increase, the number of new shares and the free allocation rights necessary for allocation of new shares, applying for this purpose the rules established by this Meeting and bearing in mind the number of new shares which are finally issued in the share capital should be a whole number and not a fraction.
- c) Designating the company or companies that will take on the functions of agent and/or financial adviser of the capital increase and entering into any resulting contracts and documents that are necessary for said purpose.

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- d) Setting the duration of the trading period for the free allocation rights.
- e) Declaring the capital increase closed and executed, setting for this purpose the number of new shares effectively allocated and, therefore, the amount in which the Company's share capital must be increased in accordance with the rules established by this General Shareholders' Meeting, and declaring, as the case may be, the incomplete allocation.
- f) Rewording Article 5 of the Company's Articles of Association relating to the share capital so as to adapt it to the results of the implemented share increase.
- g) Performing all the procedures necessary for the new shares resulting from the capital increase to be registered in the accounting records of Iberclear and admitted to trading on the Stock Exchanges in which the shares of the Company are listed in accordance with the procedures established in each one of said exchanges.
- h) Performing any actions as may be necessary or appropriate to execute and formalise the capital increase with regard to any public or private entities and bodies, whether Spanish or foreign, including those necessary to declare, supplement or remedy defects or omissions which might prevent or hinder full effectiveness of the above resolutions.

The Board of Directors is expressly authorised to delegate, under the terms of Article 249.2 of the Capital Companies Act, the powers to which this resolution refers.

10. Delegation, as the case may be, of powers in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, in order to, in accordance with the provisions of Articles 297.1 (b) and 506 of the Capital Companies Act, increase the share capital within the maximum period of five years, by a single or by several different share capital increases and by up to half of the current share capital, with the power to exclude or waive preferential share subscription rights, and the revocation of the authorisation granted by the Ordinary General Shareholders' Meeting of the Company of 24 June 2015.

PROPOSED RESOLUTION

1. **Delegation in favour of the Board of Directors.** Authorise the Board of Directors, in accordance with the provisions of Articles 297.1.b) and 506 of the LSC, and subject to the provisions of Article 311.1 thereof, to agree to increase the share capital, by a single or by several different share capital increases, up to an amount to be determined and decided thereby, in accordance with the following conditions:

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- a) **Term:** The share capital increase may be effected by a single or by several different share capital increases, within the maximum period of five years as from the date of ratification of this resolution.
- b) **Maximum amount:** The total maximum amount of the share capital increase or increases that are agreed to pursuant to this authorisation shall not exceed that of half of the share capital at the time of the authorisation and must be carried out by way of monetary contributions.
- c) **Scope:** The authorisation for the share capital increase shall extend, as broadly as may be required at law, to the establishment and determination of the terms and conditions inherent to each one of the share capital increases that may be carried out by virtue of this resolution as well as to the formalisation and carrying out of all necessary procedures and actions and the issue of all necessary authorisations that may be required pursuant to applicable legal provisions.
Merely by way of illustration, but not limited thereto, the Board of Directors shall be responsible for determining, for each share capital increase, the amount and the date of execution, the number of shares to be issued, whether the share capital increase is carried out by way of the increase of the nominal value of the existing shares or by way of the issue of new ordinary, preferential or redeemable shares, with or without a share premium, and with or without voting rights, in accordance with the classes and types provided for at law and in the Articles of Association, as well as, in accordance with the provisions of Article 506 of the LSC, the exclusion and waiver, as the case may be, of preferential share subscription rights.
- d) **Incomplete increase:** Declare, in accordance with the provisions of Article 311.1 of the LSC, the incomplete subscription of the share capital increase, by which said share capital shall only be increased by the number of share subscriptions that are actually effected and, wherever necessary, in accordance with the provisions of Article 507 of the LSC, said situation shall be notified to the Spanish National Securities Market Commission (CNMV).
- e) **Modification of the Articles of Association:** In light of the foregoing authorisation, the Board of Directors is hereby authorised to redraft the terms of Article 5 of the Articles of Association in relation to the share capital, after the share capital increase has been ratified and executed.
- f) **Admission to trading:** Request the admission to trading of the new shares that are issued by virtue of the foregoing resolution on the Madrid and Barcelona Stock Exchanges, through the Integrated Stock Exchange System.

Furthermore, to authorise the Board of Directors, with powers to delegate said functions upon the persons that the Board deems appropriate, as broadly as may be required at law, to request and obtain the official admission to trading of the new shares that are issued by virtue of the foregoing resolution on the Stock Exchanges on which the existing shares are listed at the time of each respective share capital increase, through the Integrated Stock Exchange System or any

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other system applicable from time to time, and to draft, file and execute all documents and carry out and formalise all acts that may be necessary or appropriate for said purposes.

For the purposes of the provisions of Article 27 b) of the Stock Exchanges Regulation approved by Decree 1506/1967, of 30 June, it is hereby declared that the Company shall be subject to and comply with the rules and regulations that exist or that may be established in the future in terms of Stock Exchanges and, in particular, regarding contracting, permanency and exclusion from official trading, and it is hereby expressly declared that, in the case of any subsequent request for the exclusion from trading of the shares of the Company, said exclusion shall be adopted subject to the formalities that are set out in said article and, in said situation, the interests of the shareholders that object to or that do not vote in favour of the resolution shall be guaranteed, in compliance with the requirements established in the Capital Companies Act and other concordant provisions, and all of the foregoing in accordance with the terms of the aforementioned Stock Exchanges Regulation, the Securities Market Act and all implementation provisions thereof.

2. **Exclusion of preferential subscription rights.** The Board of Directors is hereby authorised to exclude, totally or partially, the preferential subscription rights, in accordance with the provisions of Article 506 of the LSC. In any event, if the Board decides to exclude the preferential subscription rights in relation to any or all of the aforementioned share capital increases, the Board shall issue, simultaneously to the adoption of the corresponding resolution for the share capital increase, a report that shall set out the specific reasons, in the interests of the Company, that justify said decision, which shall be subject to the corresponding report by the accounts auditor as referred to under Article 506.3 of the LSC. Said reports shall be made available to the shareholders and shall be notified at the first General Shareholders' Meeting that is held after the decision regarding the share capital increase.
3. **Delegation of powers.** Delegate, pursuant to the provisions of Article 249 of the LSC, jointly and severally and indistinctly, all of the necessary powers in favour of the Board of Directors, with express authorisation for the Board to delegate said powers for the purposes of the execution of this resolution, and to complete, as the case may be, any aspects not expressly provided for therein, and to carry out the corresponding modification of Article 5 of the Articles of Association, and to request all of the administrative authorisations that may be required, and to formalise public deeds and all other documents necessary for the complete efficacy of the foregoing resolution and ultimately for the registration thereof at the Companies Register, including the rectification and substitution thereof.

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4. **Revoke the previous delegation.** By virtue of the foregoing delegation of powers, the previous delegation that was granted in favour of the Board of Directors by the General Shareholders' Meeting held on 24 June 2015 is hereby fully revoked and invalidated. The Board of Directors, at the successive General Shareholders' Meetings of the Company, shall inform the shareholders of the use of the foregoing delegation, as the case may be, by the Board.

11. **Authorisation in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, for the derivative acquisition of treasury stock, and authorisation for the subsidiary companies to acquire shares of "Papeles y Cartones de Europa, S.A."; and all of the foregoing within the limits and subject to the requirements provided for under Article 144 and subsequent articles of the Capital Companies Act, and the revocation of the authorisation granted by the Ordinary General Shareholders' Meeting of the Company of 24 June 2015.**

Authorise the Board of Directors, with express authorisation to delegate said powers in favour of other persons, and in accordance with the provisions of Article 144 and concordant provisions of the Capital Companies Act ("LSC") and all other applicable regulations, to formalise the acquisition of treasury stock by the Company itself and/or by the subsidiary companies thereof, subject to the following limits:

- a) The nominal value of the shares to be acquired, added to the nominal value of the shares that are already owned by the Company and its subsidiaries, must not exceed 10% of the share capital of the Company.
- b) The acquisitions must not be carried out for a price that is below the nominal value of the acquired treasury stock or that exceeds 120% of the listed price thereof on an official secondary market at the time of the acquisition. The modalities for acquisition may include either sale and purchase, swap operations or any other modality of trading, for consideration, in accordance with the specific circumstances thereof.

For the effective application of this resolution and for the due compliance with the established legal limits, all or part of the shares acquired pursuant to this authorisation may be either disposed of, held as treasury stock or amortised.

This authorisation is granted, among other reasons, so that the shares acquired by the Company or its subsidiaries may, in full or in part, be transferred to the directors, managers or employees of the Company or of

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the Group thereof when a direct right exists to said shares or when rights exist in favour thereof pursuant to duly approved remuneration systems, and the purpose of this authorisation is hereby expressly set out for the purposes of Article 146.1 a) of the LSC.

And in light of the foregoing, the Board of Directors is hereby authorised, as broadly as may be required, and with express authorisation to delegate said powers in favour of other persons, to request all authorisations and to adopt all resolutions that may be required in order to comply with applicable regulations and for the execution and effective application of this resolution.

The term of validity of the foregoing authorisation shall be that of five (5) years as from the date of the General Shareholders' Meeting and shall be applicable to all of the treasury stock operations that are carried out during said period, as well as the corresponding allocations to reserves, if applicable, in accordance with the terms of this resolution and applicable regulations.

The foregoing authorisation shall replace the authorisation granted in favour of the Board of Directors by the Ordinary General Shareholders' Meeting held on 24 June 2015.

12. Delegation of powers in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, to issue, by a single or by several different operations, debentures, bonds and other simple fixed-income securities or similar debt instruments (including bonds, promissory notes or warrants), as well as fixed-income securities convertible and/or exchangeable for shares of the Company; the establishment of criteria for the determination of the terms and modalities for the conversion and/or exchange, with the power to exclude or waive preferential share subscription rights, and the revocation of the authorisation granted by the Ordinary General Shareholders' Meeting of the Company of 24 June 2015.

PROPOSED RESOLUTION

1. Delegation in favour of the Board of Directors. Delegate in favour of the Board of Directors, in accordance with the general regime regarding the issue of debentures and in accordance with the provisions of Article 319 of the Companies Register Regulations, the power to issue, by a single or by several different operations, debentures, bonds and other simple fixed-income securities or similar debt instruments, as well as fixed-income securities convertible and/or exchangeable for shares of the Company, and all of the foregoing in accordance with the following conditions:

- a) Amount.** Up to a maximum of three hundred million Euros (€300,000,000). The issue may be carried out by a single or by several different operations.

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For the purposes of the calculation of the foregoing limit, in the case of warrants, the sum of the premiums and prices of the execution of the warrants of each issue that is approved pursuant to this delegation shall be taken into account. In turn, in the case of promissory notes and similar types of instruments, for the purposes of the calculation of the foregoing limit, the outstanding balance of the instruments issued pursuant to this delegation shall be taken into account.

- b) **Securities subject to the issue.** The securities to which the foregoing delegation of powers refers may be debentures, bonds and other simple fixed-income securities or similar debt instruments, including promissory notes and warrants or other similar types of securities that may establish direct or indirect rights in relation to the subscription or acquisition of the shares of the Company, either newly issued shares or shares that already exist, that may be settled by way of the physical transfer thereof or by way of differences. The foregoing delegation shall also refer to fixed-income securities convertible and/or exchangeable for shares of the Company.
- c) **Term.** The issue of the securities may be carried out in a single or by several different operations, and at any time whatsoever, within the maximum period of five (5) years as from the date of the adoption of this resolution.
- d) **Scope of the delegation.** The delegation for the issue of the foregoing securities, as referred to in this resolution, shall extend, as broadly as required at law, to the determination of the different aspects and conditions of each issue (nominal value, type of issue, redemption price, form of representation, interest rate, amortisation, subordination clauses, antidilution clauses, guarantees for the issue, and as the case may be, subscription regime, determination of the internal rules of the bondholders syndicate and appointment of the bondholders syndicate trustee, where applicable, admission to trading, etc.) as well as to the carrying out of all necessary procedures and activities, in accordance with the applicable securities market regulations, for the execution of the specific issues that are established pursuant to the terms of this delegation.
- e) **Conditions and modalities of the conversion and/or swap.** In relation to issues of fixed-income securities convertible and/or exchangeable for shares and for the purposes of the determination of the conditions and modalities of the conversion and/or swap, the following criteria shall be applicable thereto:
 - (i) The securities that are issued pursuant to this resolution may be convertible into new shares and/or exchangeable for existing shares of the issuer in accordance with a fixed (determined or determinable) or a variable conversion and/or swap rate, and the Board of Directors is hereby authorised to decide upon said terms, as well as to determine whether the securities are compulsorily or voluntarily convertible and/or exchangeable, and in the case of the voluntarily conversion and/or swap thereof, at the option of the holder thereof or at the

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option of the Company, subject to the frequency and during the period that is established in the issue resolution, which may not exceed that of ten (10) years as from the date of issue.

- (ii) For the purposes of the conversion and/or swap, the fixed-income securities shall be valued at their nominal value and the corresponding shares at the rate (fixed or determinable) that is established in the resolution of the Board of Directors that exercises the terms of this delegation and depending upon the listed price of the shares of the Company on the Electronic Market on the reference date(s) or period(s), with or without discount, as provided for in the resolution. In any event, the price of the shares may not be lower than the higher of the following values (i) the arithmetic average of the closing prices of the shares of the Company on the Electronic Market during the period to be determined by the Board of Directors, that shall not exceed three (3) months or be less than fifteen (15) days, prior to the date of the meeting of the Board of Directors that, in exercise of the foregoing delegation, approves the issue of the debentures or bonds, and (ii) the closing price of the shares on the same Electronic Market on the day immediately prior to the meeting of the Board of Directors that, in exercise of the foregoing delegation, approves the issue of the debentures or bonds.
- (iii) Furthermore, the Board of Directors may also agree to issue the fixed-income securities convertible and/or exchangeable for shares subject to a variable conversion and/or swap rate. In this case, the price of the shares for the purposes of the conversion and/or swap shall be the arithmetic average of the closing prices of the shares of the Company on the Electronic Market during the period to be determined by the Board of Directors, that shall not exceed three months or be less than five days prior to the date of the conversion and/or swap, with an issue premium or, as the case may be, a discount applicable to said price per share. The issue premium or discount may be different for each date of conversion and/or swap for each issue (or, as the case may be, for each tranche or part of an issue), although, in the case of the establishment of a discount applicable to the price per share, said discount may not exceed 30% of the listed price of the share during the period, prior to the date of the conversion and/or swap of the debentures or bonds into shares, that has been established by the Board of Directors. In the case of the swap or exchange thereof for the shares of another company (whether a Group company or not) the foregoing rules shall also be applicable, where possible and subject to the necessary adaptations, as the case may be, although in relation to the listed price of the shares of said company on the corresponding market.
- (iv) The Board may establish, in the case that the issue is convertible and exchangeable, that the issuer reserves the right to opt, at any time, between the conversion into new shares or the swap thereof for existing shares, and the type of shares to be provided shall be determined

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when the conversion or swap is carried out, and furthermore the issuer may opt for a combination of newly issued shares and pre-existing shares. In any event, the issuer must necessarily treat all of the holders of the fixed-income securities that convert and/or swap their securities on the same date equally.

- (v) When the conversion and/or swap is carried out, the fractions of shares that, as the case may be, correspond to the holder of the securities shall be rounded down, by default, to the immediately prior whole number and each holder of the securities shall receive a cash payment for the difference.
- (vi) Under no circumstances whatsoever shall the value of the share, for the purposes of the conversion rate of debentures for shares, be lower than the nominal value thereof. In accordance with the provisions of Article 415.2 of the LSC, debentures may not be converted into shares when the nominal value of the debentures is lower than the nominal value of the shares. Furthermore, the debentures may not be issued as convertible for a value that is lower than the nominal value thereof. It is hereby proposed that the Board be authorised to determine whether, in the valuation of each debenture or bond, for the purposes of the conversion and/or swap rate of the debentures or bonds for shares, the accrued and outstanding interest shall be included or not at the time of the conversion and/or swap.

When an issue of convertible debentures is approved pursuant to the foregoing authorisation granted by the General Shareholders' Meeting, the Board of Directors shall issue a directors' report that shall set out and specify, based upon the foregoing criteria, the conditions and modalities of the conversion that are specifically applicable to the foregoing issue. Said report shall be accompanied by the corresponding report of the accounts auditors as referred to under Article 414.2 of the LSC.

- f) **Share capital increase.** The delegation in favour of the Board of Directors also includes, by way of illustration, but not limited thereto, the following powers:
 - (i) The power to increase the share capital, by the necessary amount, in order to satisfy the conversion requests. Said power may only be exercised provided that the aggregate amount of the share capital increase that is established by the Board in order to satisfy the issue of convertible debentures together with the rest of the share capital increases that the Board has carried out pursuant to the authorisations granted by the General Shareholders' Meeting, does not exceed the established limit of half of the share capital, as provided for in Article 297.1.b) of the LSC. The foregoing authorisation for the increase of the share capital includes the power to issue and release, by a single or by several different operations, the shares that represent said share capital increase that are necessary for the corresponding conversion, as

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well as the power to redraft the terms of Article 5 of the Articles of Association in relation to the total share capital and furthermore, as the case may be, to cancel the part of said share capital increase that was not necessary for the conversion into shares.

- (ii) The power to establish and determine the conditions and modalities for the conversion and/or swap, taking into account the criteria established under paragraph 5 hereinabove and, generally speaking and in the broadest possible terms, the determination of all aspects and conditions that are necessary or appropriate for the issue.

g) Information for the shareholders. The Board of Directors, at the successive General Shareholders' Meetings of the Company, shall inform the shareholders of the use of the foregoing delegation up until that time, and as the case may be, regarding the issue of convertible and/or exchangeable debentures.

h) Convertible warrants. The rules provided for under paragraphs 5 to 7 hereinabove shall be applicable, *mutatis mutandi*, in the case of the issue of warrants or other similar securities that may establish direct or indirect rights in relation to the subscription of newly issued shares of the Company, and the foregoing delegation shall include the broadest possible powers, with the same scope as in the foregoing paragraphs, to decide upon all aspects that are considered necessary in relation to said type of securities.

i) Admission to trading. Request, when considered appropriate, the admission to trading on secondary markets, official or not, regulated or not, organised or not, and whether national or foreign markets, of the securities that are issued pursuant to the foregoing delegation, and the Board of Directors is authorised, with express authorisation to delegate said powers in favour of other persons, to carry out all procedures and activities that may be necessary or appropriate for the admission to trading of the issued securities, before the competent authorities of the different national or foreign markets, subject to the rules and regulations that exist or that may be established in the future in terms of Stock Exchanges and, in particular, regarding contracting, permanency and exclusion from official trading.

2. Exclusion of preferential subscription rights. The Board of Directors is hereby authorised, in accordance with the provisions of Article 308 of the LSC, to exclude, whether totally or partially, the preferential subscription rights of shareholders, when said exclusion is required for capturing the financial resources within national or international markets or for any other reason that is justified in the interests of the Company. In any event, if the Board of Directors decides to exclude the preferential subscription rights in relation to a specific issue of convertible debentures that the Board finally decides to carry out pursuant to the terms of this authorisation, then the Board must issue, simultaneously to the approval of the issue and in accordance with applicable regulations, a report that sets out the specific reasons that justify said exclusion, in the interests of

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the Company, that shall also be the subject of the corresponding report of an accounts auditor. Said reports shall be made available to the shareholders and shall be notified at the first General Shareholders' Meeting that is held after the decision regarding the issue.

3. Delegation of powers. The Board of Directors is hereby authorised, in turn, to delegate the powers granted in favour of the Board of Directors pursuant to this resolution, to the extent that is possible and whenever necessary.

Accordingly, the Board of Directors is hereby authorised to delegate, whether fully or partially, the powers that have been granted in favour thereof, pursuant to this resolution, in favour of any other person that the Board considers appropriate, in the broadest possible terms as may be required at law, in order to establish and determine the conditions inherent to each one of the issues that may be carried out by virtue of this resolution, as well as, if considered necessary, to request from the market operators of the stock exchanges, the market operators of other secondary markets and from all other public entities and competent authorities the admission to trading of the issued securities, for which the Company shall be subject to the rules and regulations that exist or that may be established in the future in terms of Stock Exchanges and, in particular, regarding contracting, permanency and exclusion from official trading.

4. Compatibility with the previous delegation. The adoption of the foregoing resolution is carried out in substitution of the previous authorisation granted by the General Shareholders' Meeting of 24 June 2015.

13. Reduction of the share capital by 3,969,512 Euros by means of the amortisation of 1,984,756 treasury stock, that represent 2% of the share capital. Delegation of powers in favour of the Board of Directors, with express authorisation to delegate said powers in favour of the Executive Committee, to set the conditions for the reduction in all matters not provided for by this General Meeting, including, among other aspects, the power to reword Article 5 of the Articles of Association and to request the delisting and removal from the accounting records of the shares that are cancelled, as well as to execute any public or private documents that may be necessary to implement the reduction.

PROPOSAL

It is agreed to approve the reduction of the Company's share capital in an amount of 3,969,512 euros, through the cancellation of 1,984,756 shares held by the Company as treasury stock, each with a par value of two (2) euros and which represent 2% of the Company's share capital on the date of approval of the resolution by the General Meeting.

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Consequently, once the capital reduction has been carried out, Article 5 of the Articles of Association, relating to the share capital, will be amended in order to reflect the figure for the capital and the number of outstanding shares resulting from the capital reduction (bearing in mind, as the case may be, the figure for the share capital existing at that time depending on whether the bonus issue referred to in Point 9 of the agenda to the General Meeting has previously been executed).

The capital reduction through the cancellation of treasury stock is carried out from voluntary or unrestricted reserves, establishing a corresponding reserve for cancelled capital for an amount equal to the value of the treasury stock effectively cancelled, which may only be used in compliance with the requirements for the share capital reduction provided for in Article 335(c) of the Capital Companies Act. According to this article, the Company's creditors do not have the right of objection provided for in Article 334 of the Capital Companies Act.

Since the shares to be cancelled are owned by the Company, the capital reduction does not involve the return of contributions.

In addition, it is agreed to empower the Board of Directors, with the express power of substitution by the Executive Committee, so that, in a period no greater than one (1) year following adoption of this resolution, providing there are no legal or contractual obstacles, it may execute the resolution, with the ability to determine those points that have not been expressly set out therein or which are a consequence thereof. Notwithstanding the above, the power not to execute the resolution in the aforementioned period is expressly delegated to the Board of Directors if, in its opinion, the general market conditions or other circumstances that might negatively affect the Company make it inadvisable or impossible to execute the resolution. In that case, the Board of Directors would inform of the decision not to execute the capital reduction through the corresponding publication as significant information through the CNMV's website.

For informative purposes, the following powers are delegated to the Board of Directors, with the express power of substitution by the Executive Committee, its Chairman, Vice-Chairman or Secretary:

- a) Indicating the date on which the resolution thus adopted to reduce the share capital shall be carried out, in any case within a period of one year following its approval.
- b) Designating the company or companies that will take on the functions of agent and/or financial adviser of the capital reduction and entering into any resulting contracts and documents that are necessary for said purpose.
- c) Declaring the capital reduction closed and executed and appearing before a Notary Public to execute the corresponding instrument recording the capital reduction.

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- d) Rewording Article 5 of the Company's Articles of Association, relating to the share capital, to adapt it to the result of the execution of the capital reduction.
- e) Carrying out such actions as may be necessary or advisable to execute and formalise the capital reduction before any public or private entities or bodies, whether Spanish or foreign, including those declaring, supplementing or remedying defects or omissions that might prevent or hinder full effectiveness of the above resolutions. Writing, signing and submitting any additional or supplementary documentation or information as may be necessary before the Spanish National Securities Market Commission (CNMV), the Stock Exchanges, the National Securities Numbering Agency and Iberclear.

14. Delegation of powers, including the power to delegate said powers upon others, for the full implementation, execution, rectification and interpretation of the foregoing resolutions, as well as for the formalisation thereof by way of public deed, in the broadest possible terms thereof.

PROPOSAL

- a. To authorise the Board of Directors so that it may in turn delegate to whomever it considers appropriate the powers conferred pursuant to all the above resolutions to the extent that they may be delegated.
- b. To expressly authorise, as broadly as is required in law, the Chairman and Non-Director Secretary of the Company's Board of Directors so that either of them, indistinctly and with one single signature, and with regard to the resolutions adopted in this General Shareholders' Meeting, may notarise the resolutions, providing them with special powers in all aspects necessary for their development and compliance; so that they may sign any public or private documents that may be necessary and so that they may perform any actions as may be appropriate for their best execution, including the publication of legal announcements, before any public or private bodies or instances, up to their registration with the Companies Registry or other appropriate Public Registries, with the additional power to execute any instruments for ratification, rectification, remedy and clarification in view of the oral suggestions or written classification of the Companies Registrar, with the ability to request partial registration of the resolutions that may be registered, of the Ministry of the Economy, the Ministry of Finance, of the National Securities Market Commission and any other competent public or private body; so that they may perform any procedures that may be appropriate before the competent bodies in order to execute and complete the approved resolutions; and in general for any appropriate actions relating to the resolutions adopted in this General Meeting.
- c. To expressly delegate to the Board of Directors, with the power of substitution, with all the necessary powers in law, in order to:

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- (i) Remedy, clarify, specify or complete the resolutions adopted by this General Shareholders' Meeting, or those that are recorded in any instruments or documents granted in execution thereof, and in particular, any omissions, defects or errors of substance or form that prevent registration of these resolutions and their consequences in the Companies Registry.
- (ii) To resolve any doubts arising in connection with the resolutions adopted by this General Shareholders' Meeting
- (iii) To delegate to one or more of its members, jointly or severally, with the power of substitution, all or part of the powers it deems appropriate from among those that correspond to the Board of Directors and all those expressly attributed to it by this General Shareholders' Meeting.

15. Approval, if applicable, of the Minutes of the General Shareholders' Meeting, in any of the forms provided for under Article 202 of the Capital Companies Act or, as the case may be, application of the provisions of Article 203 thereof.
