



**REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE COMPANY'S BY-LAWS INCLUDED IN ITEM EIGHT ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING CALLED TO BE HELD ON 27 AND 28 MARCH 2015, ON FIRST AND SECOND CALL, RESPECTIVELY**

**1. Purpose of the Report**

This report has been prepared by the Board of Directors of IBERDROLA, S.A. (“**Iberdrola**” or the “**Company**”) in order to provide a rationale for the proposed amendment of the By-Laws submitted to the shareholders for approval at the General Shareholders’ Meeting of the Company under item eight on the agenda.

Section 286 of the Companies Act requires the preparation of a written report by the directors providing a rationale for the proposed amendment of the *By-Laws*. In compliance with this provision, a description of the purpose of and rationale for the by-law amendment is provided, followed by the proposed resolution submitted to the shareholders for approval at the General Shareholders’ Meeting.

In addition, in order to provide the shareholders with a visualisation of the scope of the amendment and a comparison between the new text of the articles proposed to be amended and the text currently in effect, attached to this report as an Annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text currently in force, which is contained in the left-hand column.

**2. Rationale for the Proposal**

**2.1 Introduction: Purposes of the Amendment**

Iberdrola’s corporate governance strategy consists of pursuing the fulfilment of the corporate interest, taking into account the other legitimate public or private interests that converge in its business activity and institutional reality, particularly those of the various communities and territories in which the Company operates and those of its employees and other stakeholders linked to Iberdrola and to the group of companies of which the Company is the controlling company, within the meaning established by law (the “**Group**”).

One of the main pillars underpinning such strategy is its commitment to best corporate governance, business ethics, and corporate social responsibility practices in all its areas of activity.

Such commitment is reflected, in particular, in the application, revision, and ongoing and systematic improvement of its Corporate Governance System, taking into



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account the good governance recommendations generally accepted in the international markets and the trends in this area.

As a result of such revision and ongoing improvement efforts, Iberdrola is one of the corporations with some of the most advanced corporate governance practices worldwide.

With these proposed by-law amendments, Iberdrola seeks to maintain its leading position in the area of corporate governance.

Overall, the shareholders are the main pillar around which this proposed amendment of the By-Laws revolves. As will be discussed below in the rationale for each of the proposals, the ultimate aim of this amendment is to ensure that the text of the By-Laws strengthens shareholder rights, enhances the guarantees given to the shareholders, and provides a regulatory framework suitable to encourage the participation of the shareholders in Iberdrola. A text that, in short, fosters the shareholders' involvement in the life of the Company.

Specifically, the purposes of this amendment of the By-Laws are the following:

- a) To introduce new legislative developments strengthening the position of the shareholders approved since the holding of the last General Shareholders' Meeting and, in particular, the changes stemming from Law 31/2014, of 3 December, amending the Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance ("**Law 31/2014**").
- b) To acknowledge the status of Iberdrola as a holding company following the reorganisation carried out in Spain, which has entailed the creation of the subholding company "Iberdrola España, S.A." (Sociedad Unipersonal) and has resulted in Iberdrola operating exclusively as a holding company, with its activities focused on coordination and supervision of the Group.
- c) To revise the concept of corporate interest in order to include the principle of sustainability and reflect Iberdrola's desire to create long-term value for the benefit of its shareholders, taking into account other stakeholders related to its business activity and to its institutional reality and, especially, the legitimate interests of the various communities and territories in which it acts as well as those of its employees.
- d) To continue moving forward with the development of the concept of Corporate Governance System, understood as the Company's internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and that applies to the entire Group.
- e) To make other corporate governance improvements reflecting the latest

recommendations generally recognised in international markets, thus ensuring the role of Iberdrola as an indisputable leader in this field.

This category of amendments particularly includes those designed to strengthen the framework of Iberdrola's relations with its shareholders, seeking to involve them in the life of the Company.

- f) Finally, advantage has been taken of this by-law revision to simplify the text thereof, to remove sections that reproduced the text of the law, and to make other improvements of a technical nature.

As will be explained below, this has entailed the removal of many sections, such that the new text is simpler, clearer, and more accurate while continuing to regulate all relevant substantive matters, in addition to including numerous improvements. The resulting text of the By-Laws is thus shorter but broader in content.

Furthermore, the judgments of the Supreme Court in its decision of 12 November 2014 and of the Provincial Court of Biscay in its decision of 28 December 2012 (to the extent not subject to appeal) regarding the challenge to the text of these articles approved by the shareholders at the General Shareholders' Meeting held on 27 May 2011 have been taken into account in the proposed amendment of the current articles 20.3 (shareholders' right to receive information), 27.1 (powers of the chair of the General Shareholders' Meeting), 29.2 (prohibition against assignment of voting rights in exchange for consideration), and 30.1 (restriction on exercise of voting rights due to conflict of interest) of the *By-Laws*.

## **2.2 Structure of the Proposed Amendments**

Inasmuch as the same changes affect several articles, the proposed amendments have been grouped into four independent blocks for voting purposes in order to facilitate the proper exercise of shareholders' voting rights, pursuant to the provisions of section 197 *bis* of the Companies Act and article 34.1 of the *Regulations for the General Shareholders' Meeting*:

A.- Amendment of Title I (*The Company, its Share Capital, and its Shareholders*) in order to reflect the status of Iberdrola as a holding company, to include improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.

B.- Amendment of the current Chapter I of Title II, which now becomes the new Title II (*The General Shareholders' Meeting*), in order to conform the text thereof to Law 31/2014, to include other technical changes, and to simplify the text thereof.

C.- Amendment of the current Chapter II of Title II, which now becomes the new Title III (*Management of the Company*), in order to conform the text thereof to Law

31/2014, to revise the powers of the Board of Directors in view of Iberdrola's status as a holding company, and to include other corporate governance and technical improvements.

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

Below is a description of the main amendments submitted to the shareholders for approval at the General Shareholders' Meeting, grouped in accordance with the four voting blocks described above:

### **2.3 Amendment of the Current Title I**

#### *Corporate Governance System, Corporate Interest, and Ethical Principles*

First, in Chapter I of Title I, it is proposed to divide the text of the current article 1 into three articles.

The first article is dedicated solely to the company name; the new article 2 concerns the applicable legal provisions and develops the concept of Corporate Governance System; and the new article 3 describes the corporate interest and includes a reference to the ethical principles that are to govern the Company's activities.

The Corporate Governance System of the Company and the Group is the internal system of rules that, in accordance with applicable law and in the exercise of corporate autonomy supported thereby, ensures the best development of the corporate object of Iberdrola, as a large international business entity that operates in quite varied economic and social contexts, as well as the fulfilment of the corporate interest, understood as the common interest of all shareholders of an independent company with a broad institutional and retail shareholder base.

In this regard, the new article 2 seeks to highlight its importance as a key element that is to inform corporate governance in the entire Group.

The text of the new article 3, relating to the corporate interest and the ethical principles that are to govern the Company's activities, provides a reformulation of the concept of corporate interest to include the principle of sustainability and to spell out Iberdrola's desire to create long-term value for the benefit of its shareholders.

The foregoing entails formally recognising at the by-law level the importance of the focus on the economic, social, and environmental aspects of sustainability that drives all of the activities of the Company and the Group, which was from the very beginning a component of the vision statement of the Company and the Group, which combines the economic, social, and environmental aspects of sustainability.

The concept of corporate interest also includes a reference to the other stakeholders related to its business activity and to its institutional reality, and especially the legitimate interests of the various communities and territories in which it acts and those of its employees.

Although the Corporate Governance System has for years acknowledged and taken those stakeholders into account in the *Corporate Policies*, their corporate recognition has culminated with the inclusion thereof in the *By-Laws*.

Finally, the new article 3 includes a reference to the *Code of Ethics*, which further develops and formalises the vision and values of Iberdrola and which serves as guidance for the conduct of its professionals in a global, complex, and changing environment. The extraordinary significance of this internal set of rules in the Group's operations makes it advisable that it also be expressly mentioned in the *By-Laws*.

#### *Object of the Company, Duration, and Registered Office*

No substantial amendments are made in the current articles 2 and 3, which now become articles 4 and 5, governing the object and the duration of the Company, with only minor technical improvements being introduced in the text thereof.

Along the same lines, the text of the current article 4, which now becomes the new article 6, is simplified, such that the reference to the decisions the Board of Directors can make is removed as they are provided by law.

#### *The Group*

It is proposed to include a new article 7 to formally describe the corporate structure and governance model, based on the status of Iberdrola as a holding company owning country subholding companies in certain countries in which the Group operates, which in turn are the owners of the business subholding companies in each country that are in charge of the effective management of the businesses.

This corporate structure, which has been successfully implemented in Spain, Mexico, Brazil, the United States of America, and the United Kingdom, favours expedited and prompt decision-making in day-to-day management by the business subholding companies, and at the same time allows for adequate coordination at the Group level as a consequence of the duties of supervision performed by the country subholding companies and by Iberdrola.

The completion of the corporate reorganisation carried out by Iberdrola in Spain has culminated with the conformance of the corporate structure of the Group, for which reason it has been deemed necessary to acknowledge it in the *By-Laws*.

#### *Permanent Contact with Shareholders, Transparency, and Corporate Website*

It is also proposed to include the new articles 8 and 9, which provide for the

principles that must govern the relations between the Company and its shareholders and the markets, and the corporate website, respectively.

Specifically, article 8 establishes the principle of permanent contact with the shareholders and of transparency of the Company's relations with the shareholders and the market. The two parts of this article set forth concepts that are key to understanding the Company's corporate governance model, which concepts inform the interpretation and application of all other rules making up the Corporate Governance System.

Article 9 states the purpose that the Company believes its corporate website should satisfy, which goes beyond being a mere portal with predominantly static information. Rather, the Company's corporate website is envisaged as an instrument for channelling the Company's relations with its shareholders and the markets, as set forth in the text of this article.

#### *Share Capital, Representation of Shares, and Unpaid Subscriptions*

No amendments are made to the text of the current article 5, which now becomes article 10, governing share capital.

For purposes of text simplification, as it is governed by law, it is proposed to remove practically all of the text of article 6, governing representation of the shares, which now becomes article 11 and which is consolidated with the text of the current article 7, setting forth the essential provision that governs unpaid subscriptions.

#### *Shareholders and their Involvement*

Finally, it is proposed to remove the articles that so far made up Chapter III, governing the increase and reduction in share capital, as it is not deemed necessary that provision therefor be made in the *By-Laws*, and to introduce a new Chapter III relating to the shareholders, which highlights Iberdrola's desire to encourage their involvement and to foster their participation in the Company.

Iberdrola thus seeks to introduce a shift in the relations between the Company and its shareholders and to develop a strategy allowing for the establishment of constructive, ongoing, and effective dialogue oriented to the alignment of the shareholders' interests and those of the Company.

For this purpose, it is proposed to further develop the text of the current article 8, which now becomes article 12, and to include the new articles 13 and 14, relating to the involvement of the shareholders in the Company and to the relationship of the shareholders with the Corporate Governance System, with article 14 now containing the text of the last two sections of the current article 8.

Finally, to simplify the text of the *By-Laws*, it is proposed to remove the current articles 13 and 14, and thus the current Chapter IV (*Issuance of Debentures and Other*

Securities”) as a whole, as the regulation thereof in the *By-Laws* is not necessary.

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

##### *The General Shareholders’ Meeting and Participation of the Shareholders*

First, it is proposed to turn the current Chapter I of Title II into the new Title II, the heading of which is now that of the current Chapter I, i.e. “*The General Shareholders’ Meeting*”.

The first article, i.e. the current article 16, now becomes article 15 for purposes of consecutive numbering following the articles proposed to be amended in the preceding section of this report. It is proposed to make technical improvements in the text of such article.

It is also proposed to include a new article 16, providing for the duty of the Board of Directors to adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders’ Meeting, in accordance with Iberdrola’s strategy of fostering their involvement in its corporate life. In addition, provision is made for the existence of a predefined and public policy for the payment of attendance bonuses. This policy is currently included in the *General Corporate Governance Policy*.

The purpose of this amendment is to include in the *By-Laws* a good governance practice that enjoys recognition in international markets, seeking to ensure that payment of the attendance bonus is made in a transparent and objective manner.

##### *Powers of the Shareholders Acting at a General Shareholders’ Meeting*

Article 17, which governs the powers of the shareholders acting at a General Shareholders’ Meeting, sets forth the new powers that Law 31/2014 gives thereto: the approval of the director remuneration policy; relieving the directors from the prohibitions arising from the duty of loyalty in certain circumstances; the transfer to controlled entities of core activities that were previously carried out by the Company itself; the acquisition, transfer, or contribution of key assets from or to another company; and the approval of transactions having an effect equivalent to liquidation of the Company.

##### *Types of Meetings and Rules Governing the Call to Meeting*

It is proposed to remove article 18, which governs the types of meetings, as it is deemed technically more appropriate for this matter to be provided for in the *Regulations for the General Shareholders’ Meeting*. For the same reason, it is proposed to remove the text of article 19 regarding the call to the General Shareholders’ Meeting.

### Right to Receive Information

In the current article 20, which now becomes article 19, the period during which the shareholders may exercise their right to receive information prior to the General Shareholders' Meeting is extended, in line with the amendment contained in Law 31/2014, and the text is further amended to comply with the new rule introduced by such law regarding the enumeration of specific cases in which the Board of Directors is not required to provide the information. In addition, other technical improvements are made and section 5 of this article, the text of which is provided in the law, is removed in order to simplify the text thereof.

### Place of the Meeting, Establishment of a Quorum, Attendance, and Proxy Representation

It is proposed to include a new article 20 governing the place where the General Shareholders' Meeting must be held, which matter was governed so far in the first section of the current article 24. The new article 20 provides that the General Shareholders' Meeting shall be held within the municipal territory of Bilbao, thus following the rule of the General Department of Registries and Notarial Offices (*Dirección General de los Registros y del Notariado*) on the interpretation of section 175 of the Companies Act.

In article 21, minor technical improvements are made, and there is a new section 2 in article 22 that contains the provisions regarding the holding of the General Shareholders' Meeting at different places or locations, so far governed by the second section 2 of article 24. In addition, section 4 of article 22 now includes a specific reference to the simultaneous or delayed broadcast of the General Shareholders' Meeting, which has been a customary practice at the latest General Shareholders' Meetings held by Iberdrola.

As a consequence of the inclusion of the new article 20 and the changes made to article 22, the text of the current article 24 is removed.

### Presiding Committee of the General Shareholders' Meeting, List of Attendees, Deliberations, Voting, Conflicts of Interest, and Approval of Resolutions

In order to maintain the consecutive numbering of articles, the current article 25 now becomes article 24, in which it is proposed to amend the provisions governing the composition of the presiding committee (*mesa*) of the General Shareholders' Meeting and the positions of chair of and secretary for the meeting.

In line with the foregoing amendments, the text of the current articles 26, 27, and 28 of the *By-Laws*, which now become the new articles 25, 26, and 27, respectively, is simplified, and minor technical improvements are made therein.

Article 30, which now becomes article 28, lays down the new rules applicable to

conflicts of interest at the General Shareholders' Meeting established by section 190 of the Companies Act, as amended by Law 31/2014.

Finally, and along the same lines, it is proposed to amend the text of the first section of article 29, the last article within the new Title II, to include the new majority system applicable to the approval of resolutions at the General Shareholders' Meeting introduced by Law 31/2014.

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

### *Management and Representation of the Company and Regulation of the Board of Directors Thereof*

Similarly to the amendment of the heading of the new Title II, it is proposed to turn the current Chapter II of Title II into the new Title III, under the heading "*Management of the Company*", and to turn the four sections of the current Chapter II of Title II of the *By-Laws* into the new Chapters I, II, III, and IV of the new Title III.

As in the amendment described in the preceding section of this report, the first article of the former Chapter II of Title II, article 32, now becomes article 30 in order to maintain the consecutive numbering following the articles of the former Chapter I.

The most significant change introduced in the new articles 30 and 37 consists of giving the Board of Directors greater flexibility to freely decide regarding the establishment of the committees of the Board of Directors that are not legally mandatory. It is thus permitted that the Company's institutional structure adapt better and more swiftly to the needs of the Board of Directors from time to time, without needing to amend the *By-Laws* for such purpose.

Accordingly, the Executive Committee (*Comisión Ejecutiva Delegada*) and the Corporate Social Responsibility Committee are established as non-mandatory, and provision is made for the possible appointment of more than one chief executive officer (*consejero delegado*). The same change is made in article 48, which now becomes the new article 43.

The current article 33, which becomes article 31, is subject to minor technical improvements only.

### *Powers of the Board of Directors*

Article 34, which governs the powers of the Board of Directors and now becomes article 32, has been thoroughly revised to reflect the nature of the functions of the Board of Directors of Iberdrola as a company acting exclusively as a holding company.

In this regard, in addition to a redefinition of the functions of the Board of Directors in view of the above, the text of the article has been greatly simplified, with

further development thereof being contemplated in the *Regulations of the Board of Directors*.

For the same purpose and in order to simplify the text of the By-Laws, it is proposed to remove the text of the current article 35.

#### *Composition of the Board of Directors, Appointment of Directors, and Types of Directors*

In the current article 36, governing the composition of the Board of Directors and the appointment of directors, which now becomes article 33, some drafting improvements are made and the requirement is established for resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors to be accompanied by a report providing the rationale for the proposal; this requirement was introduced as mandatory by Law 31/2014, and the Company voluntarily complied with it at its last General Shareholders' Meeting. In addition, the opportunity of the amendment of this article is taken to clarify, for purposes of avoiding interpretations that are incompatible with the purpose thereof, that the reference in section 3.c) to governments (*administraciones públicas*) and national or autonomous community law is to those in Spain, as that is where the Company has its registered office.

In the current article 37, which now becomes article 34, governing the types of directors, it is proposed to include the changes introduced by Law 31/2014 in the definition of the categories of directors. Requirements regarding the qualitative composition of the Board of Directors are also introduced, providing that the Board of Directors shall ensure that a majority of its members are independent directors.

The text of the By-Laws thus explicitly provides for a practice that Iberdrola has been observing in the last years. In this regard, it may be worthy to point out that as of the date of preparation of this report, independent directors accounted for 77% of the non-executive directors.

#### *Rules Applicable to the Operation of the Board of Directors*

Also with a view to simplifying the text of the By-Laws and giving the Board of Directors greater flexibility in adopting its own rules of operation, it is proposed to remove articles 38 and 41, governing the designation of internal positions and the formalisation of resolutions. There has also been a simplification of the text of article 39, governing the meetings of the Board of Directors, which now becomes article 35.

The current article 40, which now becomes article 36, governing the quorum for the meeting and majorities required to adopt resolutions, now includes a provision that the non-executive directors can grant their proxy to other non-executive directors, pursuant to the provisions of Section 529 *quáter* of the Companies Act, introduced by Law 31/2014.

### Committees of the Board of Directors

In article 42, which now becomes article 37 and governs the committees of the Board of Directors, greater flexibility is given regarding the establishment of such committees, in line with the provisions of the new article 30, such that the Executive Committee and the Corporate Social Responsibility Committee become non-mandatory and provision is made for the possibility of creating an appointments committee and a remuneration committee as two separate committees.

The changes to articles 43, 44, 45, and 46, which govern the operation of each committee, are driven by the same purpose: to give the Board of Directors more freedom in establishing the committees within the framework provided by law and the powers granted to each of them, as well as to simplify the text of such articles and make other minor improvements of a technical nature.

Particularly noteworthy in this regard is the express attribution to the Appointments and Remuneration Committee of the power to report on related-party transactions, as provided by section 529 *quaterdecies* of the Companies Act, introduced by Law 31/2014, with the current distribution of powers thus being maintained.

### Positions on the Board of Directors

In article 47, which becomes the new article 42 and governs the positions of chairman and vice-chair of the Board of Directors, express provision is made for the functions that the Companies Act, as amended by Law 31/2014, grants to the chairman of the Board of Directors in section 529 *sexies* thereof, as well as express mention of the plan for succession to the position of chairman, on which the Board of Directors has elaborated in the *General Corporate Governance Policy*.

In the current articles 48 and 49, which become the new articles 43 and 44, governing the positions of chief executive officer and of secretary and deputy secretary, respectively, some technical improvements are made and the text thereof is simplified. In addition, as explained above, the new article 43 provides for the possibility of appointing more than one chief executive officer.

It is proposed to include a new article 45, spelling out the checks and balances system currently existing within the Company's Corporate Governance System. This article provides for two general principles and a series of specific measures.

Such principles consist of the mandatory existence of mechanisms preventing the chairman of the Board of Directors, the Executive Committee, or the chief executive officers from having a decision-making power that is not subject to appropriate checks and balances, and the adoption of measures ensuring that both the chairman of the Board of Directors and the Executive Committee are under the effective supervision of the Board of Directors.

The specific measures consist of:

- a) Requiring a qualified majority to appoint an executive director as chairman.
- b) Providing, pursuant to section 529 *septies* of the Companies Act, introduced by Law 31/2014, for the appointment of a coordinating director (*consejero coordinador*) as a figure equivalent to the lead independent director (*consejero independiente especialmente facultado*) already provided for in the Corporate Governance System in case the chairman is also an executive director.

Apart from the powers vested by the Companies Act, such person is also assigned those of participating in planning the annual schedule of meetings and in preparing the agenda for each meeting and to lead the process of succession to the position of chairman.

The coordinating director is also granted the power to maintain contact with shareholders when so decided by the Board of Directors.

#### Rules Applicable to Directors

Article 50, which now becomes article 46, governing the duties of directors, provides for the new content of the general duty of diligence laid down in section 225 of the Companies Act, as amended by Law 31/2014. The other changes seek to introduce improvements of a technical nature.

Along the same lines, in the current article 51, which now becomes article 47, governing the term of office of directors, it is proposed to make minor technical improvements and to remove the last section in order to simplify the text thereof.

The purpose of the amendments to article 52, governing director remuneration, is to align the current rules with the rules applicable to director remuneration established by the Companies Act following the amendment thereof by Law 31/2014, which make it mandatory to provide a breakdown of the items of remuneration to be received by the directors in their capacity as such.

Finally, it is proposed to make minor technical improvements in the current article 53, governing the powers of information and inspection, which now becomes article 49.

#### Removal of the Current Articles relating to the Annual Corporate Governance Report and to the Corporate Website

It is also proposed to remove articles 54 and 55, relating to the *Annual Corporate Governance Report* and to the corporate website.

In the case of the former, the purpose of the removal is to simplify the text of the *By-Laws*, as such text is determined by law and is met in accordance with the form

provided by the National Securities Market Commission. In the case of the latter, the removal is proposed in view of the inclusion of the new article 9, which regulates the operation of such corporate website in greater detail.

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

The purpose of the changes affecting the articles that comprise the current Titles III and IV of the *By-Laws* is to make technical improvements (particularly in the current Title III) and to simplify the text thereof (especially in Title IV).

In this regard, in order to maintain the consecutive numbering of the titles, which changed as a consequence of the amendments discussed in the preceding sections of this report, it is proposed to turn the current Title III of the *By-Laws* into the new Title IV, with no change of heading, and the current Title IV into the new Title V, under the heading “*Annual Accounts, Dissolution, and Liquidation*”.

In addition, in order to maintain the consecutive numbering of the articles as a result of the amendments described above, the articles should be renumbered as from article 50, such that the current article 56 becomes article 50 and so forth.

Specifically, the main amendments affecting the articles in the current Title III, which becomes the new Title IV, consist of updating the cross-references to other articles.

In the current Title V, which becomes the new Title VI, the purpose of the changes is to simplify the text of the current articles 59 and 61, which become articles 53 and 54, to amend the standards for determining the composition of the liquidating body of the Company established in article 64, which becomes article 56, and to remove article 60, relating to the auditors, article 62, governing the filing of the approved accounts, article 65, governing supervening assets and liabilities, and the sole final provision, such that Title V containing such provision should be removed. This is because the text removed is the text contained in the law.

**3. Proposed Resolution Submitted to the Shareholders at the General Shareholders’ Meeting**

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

**“ITEM EIGHT ON THE AGENDA**

**Amendments of the By-Laws in order to conform the text thereof to Law 31/2014, of 3 December, amending the Companies Act (Ley de Sociedades de Capital)**

**to improve corporate governance, to reflect the status of IBERDROLA, S.A. as a holding company, to include other improvements in the area of corporate governance and of a technical nature, and to simplify the text thereof.**

## **RESOLUTION**

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

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

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

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

#### **Chapter I. General Provisions**

##### **Article 1. Company Name**

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

##### **Article 2. Applicable Legal Provisions and Corporate Governance System**

- 1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.*
- 2. The Corporate Governance System is the Company’s internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby, and that applies to the entire group of companies controlled by the Company. It is intended to ensure through rule-making the best development of the corporate object of the Company, as an international business entity that operates in quite varied economic, legal, and social contexts, as well as the fulfilment of the corporate interest.*
- 3. The Corporate Governance System is made up of these By-Laws, the Corporate Policies, the internal corporate governance rules, which include the Regulations for the General Shareholders’ Meeting, the Regulations of the Board of Directors*

*and those of its committees, and of the other internal codes and procedures approved by the competent decision-making bodies of the Company.*

4. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors, within their respective purview, develop, apply, and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*

### **Article 3. Corporate Interest and Ethical Principles**

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

### **Article 4. Object of the Company**

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

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

#### **Article 5. Duration**

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

#### **Article 6. Registered Office**

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

#### **Article 7. The Iberdrola Group**

1. *The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “**Group**”).*
2. *The corporate and governance structure of the Company is defined based on the following:*
  - a) *The Company has duties relating to the design of the Corporate Governance System and to the establishment, supervision, and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level.*
  - b) *The country subholding companies, which are directly or indirectly subordinate to the Company, carry out the function of organisation and strategic coordination in those countries where the Board of Directors of the Company so decides.*

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

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

#### **Article 8. Permanent Contact with Shareholders and Transparency**

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

#### **Article 9. Corporate Website**

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

### **Chapter II. Share Capital and Shares**

#### **Article 10. Share Capital**

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

### **Article 11. The Shares**

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

### **Chapter III. The Shareholders**

#### **Article 12. Shareholder Status**

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

#### **Article 13. Involvement of the Shareholders**

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

#### **Article 14. The Shareholders and the Corporate Governance System**

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

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

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

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

**"TITLE II. THE GENERAL SHAREHOLDERS' MEETING**

**Article 15. The General Shareholders' Meeting**

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

**Article 16. Participation of the Shareholders**

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

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

- 1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders' Meeting, or other rules of the Corporate Governance System, and particularly regarding the following:*

- a) *The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.*
- b) *The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
- c) *The approval of the director remuneration policy.*
- d) *The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
- e) *Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.*
- f) *The appointment, re-election, and removal of the auditors.*
- g) *The amendment of these By-Laws.*
- h) *An increase or reduction in share capital.*
- i) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*
- j) *The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
- k) *The exclusion or limitation of pre-emptive rights.*
- l) *The authorisation for the derivative acquisition of the Company's own shares.*
- m) *The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.*

- n) *The dissolution of the Company and the appointment and removal of the liquidators.*
  - o) *The approval of the final liquidating balance sheet.*
  - p) *The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - q) *The exercise of derivative liability actions against directors, auditors, and liquidators.*
  - r) *The approval and amendment of the Regulations for the General Shareholders' Meeting.*
  - s) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;*
  - t) *The acquisition, transfer, or contribution of key assets from or to another company.*
  - u) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or the shareholders submit for their consideration, upon the terms and with the requirements established by law and the Corporate Governance System.*

**Article 18. Call to the General Shareholders' Meeting**

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

- c) *The Company's corporate website.*

**Article 19. Shareholders' Right to Receive Information**

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date set for the meeting to be held on first call, the shareholders may request in writing the information or clarifications that they deem are required, or ask the written questions that they deem relevant, regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and (iii) the audit report.*
2. *During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters set forth in the preceding section.*
3. *The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the periods set forth in the law, in these By-Laws, and in the Regulations for the General Shareholders' Meeting, except in cases in which it is unnecessary for the protection of shareholder rights, there are objective reasons to believe that it might be used for ultra vires purposes, or that publication of the information might prejudice the Company or related companies. The information requested may not be denied if the request is supported by shareholders representing at least twenty-five per cent of the share capital.*
4. *The announcement of the call to the General Shareholders' Meeting shall state the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for the approval of the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.*
5. *The Company shall make available to its shareholders the information and documentation required by the provisions of law and the Corporate Governance System.*

**Article 20. Place of the Meeting**

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

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

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

**Article 22. Right to Attend**

1. *The holders of at least one voting share may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.*
2. *The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.*
3. *In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five days prior to the day on which the General Shareholders' Meeting is to be held.*

4. *The chair of the General Shareholders' Meeting may authorise the attendance of officers, employees, and other persons related to the Company. The chair may also grant access to the media, to financial analysts, and to any other person the chair deems appropriate, as well as authorise the simultaneous or delayed broadcast thereof, although the shareholders acting thereat may revoke such authorisation.*

#### **Article 23. Right to Proxy Representation**

1. *All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Corporate Governance System.*
2. *Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 27 below for the casting of absentee votes shall apply to the extent applicable.*
3. *Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of law and the Corporate Governance System.*
4. *In cases of absence of identification of the proxy-holder, absence of express instructions for the exercise of voting rights, submission of items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of interest affecting the proxy-holder, the rules established in this regard in the Corporate Governance System shall apply.*
5. *The chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall be responsible for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.*

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

1. *The Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.*

2. *The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article 42.6 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as chair of the General Shareholders' Meeting.*
3. *The secretary of the Board of Directors or, in the absence thereof, the deputy secretary, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article 44.2 below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.*

#### **Article 25. List of Attendees**

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

#### **Article 26. Deliberations and Voting**

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

3. *Proposed resolutions shall be voted upon by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the Regulations for the General Shareholders' Meeting.*

#### **Article 27. Absentee Voting**

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

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

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

#### **Article 28. Conflicts of Interest**

1. *A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:*
  - a) *Relieve the shareholder of an obligation or grant the shareholder a right.*

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

#### **Article 29. Approval of Resolutions**

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

*Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of resolutions by the shareholders at a General Shareholders' Meeting shall be calculated."*

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

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

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

**"TITLE III. MANAGEMENT OF THE COMPANY**

**Chapter I. General Provisions**

**Article 30. Management and Representation of the Company**

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

**Chapter II. The Board of Directors.**

**Article 31. Regulation of the Board of Directors**

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

### **Article 32. Powers of the Board of Directors**

1. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Corporate Governance System to the shareholders acting at a General Shareholders' Meeting.*
2. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Corporate Governance System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:*
  - a) *Establish, within legal limits, the policies, strategies, and guidelines of the Group, entrusting to the decision-making bodies and the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the businesses thereof.*
  - b) *Supervise the general development of the aforementioned policies, strategies, and guidelines by the country subholding companies and by the business subholding companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging thereto.*
  - c) *Decide on matters of strategic importance at the Group level.*
3. *The Board of Directors shall generally entrust to its chairman, to the chief executive officers, and to the senior officers the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
4. *The Board of Directors shall design, evaluate, and review the Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the Corporate Policies, which further develop the principles reflected in these By-Laws and in the other provisions of the Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders and the activities of the Group.*
5. *The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the decision-making bodies acting by delegation or to the senior management of the Company.*

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

1. *The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.*
2. *The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may establish such number either by express resolution or indirectly through the filling of vacancies or the appointment of new directors within the aforesaid minimum and maximum numbers.*
3. *The following may not be appointed as directors or as individuals representing a corporate director:*
  - a) *Domestic or foreign companies competing with the Company in the energy industry or other industries, or the directors or senior officers thereof, or such persons, if any, as are proposed by them in their capacity as shareholders.*
  - b) *Individuals or legal entities serving as directors in more than three companies with shares trading on domestic or foreign stock exchanges.*
  - c) *Persons who, during the two years prior to their appointment, have occupied high-level positions in Spanish government administrations that are incompatible with the simultaneous performance of the duties of a director of a listed company under Spanish national or autonomous community law, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Group operates.*
  - d) *Individuals or legal entities that are under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.*
4. *The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the Corporate Governance System. Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors must be accompanied by a report providing the rationale for the proposal.*

### **Article 34. Types of Directors**

1. *Those directors who perform management duties within the Company or its Group, whatever the legal relationship they maintain, shall be deemed executive directors.*
2. *All other directors of the Company, whether proprietary, independent, or other external, shall be deemed non-executive directors:*
  - a) *Proprietary directors: those directors who own a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount, as well as those representing the shareholders described above. However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.*
  - b) *Independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company or its Group, its significant shareholders, its officers, or the other directors. Directors who have been independent directors for a continuous period of more than twelve years cannot be deemed to be external independent directors.*
  - c) *Other external directors: those non-executive directors who do not have the characteristics to be deemed proprietary or independent directors.*

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

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

### **Article 35. Meetings of the Board of Directors**

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

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

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

### **Chapter III. Committees and Positions within the Board of Directors**

#### **Article 37. Committees of the Board of Directors**

- 1. The Board of Directors must have an Audit and Risk Supervision Committee and an Appointments and Remuneration Committee (or two separate committees, an Appointments Committee and a Remuneration Committee), on a permanent basis.*

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

### **Article 38. Executive Committee**

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

### **Article 39. Audit and Risk Supervision Committee**

1. *The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties with information, advisory, and proposal-making powers within its scope of action.*
2. *The Audit and Risk Supervision Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee from among the non-executive directors who are not members of the Executive Committee. A majority of such directors shall be independent.*
3. *The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.*
4. *The Audit and Risk Supervision Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law, except for that of reporting on related-party transactions, which power is assigned to the Appointments and Remuneration Committee.*

### **Article 40. Appointments and Remuneration Committee**

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

4. *The Appointments and Remuneration Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations and in any event those established by law as well as the power to report on related-party transactions.*

#### **Article 41. Corporate Social Responsibility Committee**

1. *If created, the Corporate Social Responsibility Committee shall be deemed an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.*
2. *The Corporate Social Responsibility Committee shall be composed of a minimum of three and a maximum of five directors appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the non-executive directors, and the majority thereof must be classified as independent.*
3. *The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.*
4. *The Corporate Social Responsibility Committee shall have the powers set forth in the Regulations of the Board of Directors and in its own regulations.*

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

1. *The Board of Directors, following a report from the Appointments and Remuneration Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.*
2. *The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the corporate decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.*
3. *The chairman of the Board of Directors undertakes the senior management and representation of the Company, as well as leadership of the Board of Directors.*
4. *The chairman of the Board of Directors exercises the powers conferred upon him by law and the Corporate Governance System, and particularly the following:*
  - a) *To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for the meetings and directing the discussion and debate.*

- b) *To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the Corporate Governance System.*
  - c) *To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself and other governance decision-making bodies, as well as to propose the persons, if any, who will hold office as vice-chair, chief executive officer, secretary, and deputy secretary of the Board of Directors and the committees thereof, without prejudice to the reporting powers belonging to the Appointments and Remuneration Committee.*
  - d) *To ensure, with the collaboration of the secretary, that the directors receive in advance information sufficient to deliberate on the items on the agenda.*
  - e) *To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.*
5. *The Board of Directors, upon a proposal of its chairman and after a report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event of vacancy, absence, illness, or incapacity. The same procedure shall be followed to decide the removal of a vice-chair.*
6. *If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length of service in office; in case of equal lengths of service, the oldest. If a vice-chair has not been appointed, the chairman shall be replaced by the director with the longest length of service in office, and in case of equal lengths, the oldest.*
7. *The vice-chair or the director, if any, that must replace the chairman under the provisions of the preceding section shall lead the process of electing a new chairman in the event of removal, notice of resignation, disability, or death in accordance with the succession plan approved by the Board of Directors.*

#### **Article 43. Chief Executive Officer**

1. *The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more chief executive officers (consejeros delegados) with the powers it deems appropriate and which may be delegated pursuant to law and the Corporate Governance System.*

2. *In the event of vacancy, absence, illness, or incapacity of all of the chief executive officers, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of one or more new chief executive officers.*

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

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

**Article 45. Checks and Balances System: the Coordinating Director**

1. *The Corporate Governance System shall provide the measures necessary to ensure that neither the chairman of the Board of Directors, nor the Executive Committee, nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.*
2. *The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.*
3. *The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.*

4. *If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors, must necessarily appoint from among the independent directors a coordinating director (consejero coordinador), who shall be especially empowered, when the coordinating director deems it appropriate, to:*
  - a) *Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.*
  - b) *Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.*
  - c) *Coordinate, meet with, and reflect the concerns of the non-executive directors.*
  - d) *Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.*
5. *The coordinating director may also maintain contacts with shareholders when so decided by the Board of Directors.*

#### **Chapter IV. Rules Applicable to Directors**

##### **Article 46. General Duties of Directors**

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

#### **Article 47. Term of Office**

1. *The directors shall serve in their position for a term of four years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.*
2. *The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Corporate Governance System.*
3. *Directors may be re-elected to one or more terms of four years.*

#### **Article 48. Director Remuneration**

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

#### **Article 49. Powers of Information and Inspection**

1. *A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.*
2. *The exercise of the aforementioned powers shall be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Corporate Governance System.”*

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

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

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

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

#### **Article 50. Removal of Voting Limitations**

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

- a) when the Company is the target of a takeover bid aimed at the share capital as a whole; and*
- b) when, as a result of the takeover bid, an individual or a legal entity, or several of them acting in concert, acquire an interest equal to two-thirds of the voting share capital of the Company, provided the full consideration therefor consists only of cash; or, alternatively,*

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

**Article 51. Effectiveness of the Removal**

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

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

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

**TITLE V. ANNUAL ACCOUNTS, DISSOLUTION, AND LIQUIDATION**

**Chapter I. Annual Accounts**

**Article 53. Financial Year and Preparation of Annual Accounts**

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

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

1. *The annual accounts of the Company and the consolidated annual accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.*
2. *The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved annual accounts.*

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

## **Chapter II. Dissolution and Liquidation of the Company**

### **Article 55. Grounds for Dissolution**

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

### **Article 56. Liquidation of the Company**

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

\* \* \*

Bilbao, 17 February 2015



**ANNEX TO THE REPORT REGARDING THE PROPOSED AMENDMENTS  
OF THE COMPANY'S *BY-LAWS* INCLUDED IN ITEM EIGHT**

BY-LAWS	BY-LAWS
<b>TITLE I. THE COMPANY AND ITS SHARE CAPITAL</b>	<b>TITLE I. THE COMPANY <del>AND</del>, ITS SHARE CAPITAL, <u>AND ITS</u> <u>SHAREHOLDERS</u></b>
<b>Chapter I. General Provisions</b>	<b>Chapter I. General Provisions</b>
<b>Article 1. Company Name and Applicable Rules; Corporate Governance System</b>	<b>Article 1. Company Name <del>and</del> <del>Applicable Rules; Corporate</del> <del>Governance System</del></b>
1. The name of the company is IBERDROLA, S.A. (the "Company").	<del>1.</del> —The name of the company is IBERDROLA, S.A. (the "Company").
	<u><b>Article 2. Applicable Legal Provisions and Corporate Governance System</b></u>
2. The Company shall be governed by the legal provisions relating to companies and other applicable laws and regulations, as well as by its Corporate Governance System.	1. <del>2.</del> —The Company <del>shall be</del> governed by the legal provisions relating to <u>listed</u> companies and other applicable laws and regulations, as well as by its Corporate Governance System.
	2. <u>The Corporate Governance System is the Company's internal system of rules, configured in accordance with applicable law in the exercise of corporate autonomy supported thereby, and that applies to the entire group of companies controlled by the Company. It is intended to ensure through rule- making the best development of the corporate object of the Company, as an international business entity that operates in quite varied economic, legal, and social contexts, as well as the fulfilment of the corporate interest.</u>



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

<p>3. The Company's Corporate Governance System is made up of its <i>By-Laws</i>, the <i>Corporate Policies</i>, the internal corporate governance rules, and the other internal codes and procedures approved by the competent decision-making bodies of the Company.</p>	<p>3. The <del>Company's</del> Corporate Governance System is made up of <del>its</del><u>these</u> <i>By-Laws</i>, the <i>Corporate Policies</i>, the internal corporate governance rules, <del>and</del><u>which include the <i>Regulations for the General Shareholders' Meeting</i>, the <i>Regulations of the Board of Directors</i> and those of its <u>committees</u>, and of the other internal codes and procedures approved by the competent decision-making bodies of the Company.</u></p>
	<p>4. <u>The shareholders acting at a General Shareholders' Meeting and the Board of Directors, within their respective purview, develop, apply, and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.</u></p>
	<p><u><b>Article 3. Corporate Interest and Ethical Principles</b></u></p>
<p>4. The Company shall pursue the achievement of its object, which is understood as the common interest of all shareholders of an independent company (<i>sociedad anónima</i>) and oriented towards the accomplishment of its corporate purpose, in accordance with the provisions of applicable law and its Corporate Governance System.</p>	<p>1. <del>4.</del>The Company <del>shall pursue the achievement of its object</del><u>pursues the fulfilment of the corporate interest</u>, which is understood as the common interest of all shareholders of an independent company (<del><i>sociedad anónima</i></del>) and oriented towards the <del>accomplishment of its corporate purpose, in accordance with the provisions of</del><u>sustainable exploitation of its corporate object and the creation of long-term value for the shareholders' benefit, taking into account other stakeholders related to its business activity and to its institutional reality, and especially the legitimate interests of the various communities and</u></p>

	<u>territories in which the Company acts and those of its employees.</u>
	2. <u>The Company aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System but also to ethical principles and generally accepted principles of social responsibility. The Board of Directors has for such purpose approved a Code of Ethics that includes this commitment under the By-Laws.</u>
<b>Article 2. Object of the Company</b>	<b>Article <del>2.4</del> 4. Object of the Company</b>
1. The Company's object is:	1. The Company's object is:
a) To carry out all manner of activities, works, and services inherent in or related to the business of production, transmission, switching, and distribution or supply of electric power or electricity by-products and applications thereof, and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications, and internet-related services; water treatment and distribution; the integral provision of urban and gas supply, as well as other gas storage, regasification, transportation, or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.	a) To carry out all manner of activities, works, and services inherent in or related to the business of production, transmission, switching, and distribution or supply of electric power or electricity by-products and applications thereof, and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications, and internet-related services; water treatment and distribution; the integral provision of urban and gas supply, as well as other gas storage, regasification, transportation, or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.
b) The distribution, representation, and marketing of all manner of	b) The distribution, representation, and marketing of all manner of

goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts, and accessories.	goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts, and accessories.
c) The investigation, study, and planning of investment and corporate organisation projects, as well as the promotion, creation, and development of industrial, commercial, or service companies.	c) The investigation, study, and planning of investment and corporate organisation projects, as well as the promotion, creation, and development of industrial, commercial, or service companies.
d) The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.	d) The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.
2. The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.	2. The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by the Company or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.
<b>Article 3. Duration of the Company</b>	<b>Article <del>3.5</del>, Duration of the Company-</b>
The duration of the Company shall be indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.	The duration of the Company <del>shall be</del> <u>is</u> indefinite, its operations having commenced on the date of formalisation of its deed of incorporation.
<b>Article 4. Registered Office and Branches</b>	<b>Article <del>4.6</del>. Registered Office—and Branches-</b>
1. The registered office of the Company is in Bilbao, Biscay, at	1. The registered office of the Company is in Bilbao; <u>(Biscay)</u> , at Plaza

<p>Plaza Euskadi número 5. The Company may establish branches, agencies, local offices, and delegations in Spain and abroad pursuant to applicable legal provisions.</p>	<p>Euskadi número 5.—<del>The Company may establish branches, agencies, local offices, and delegations in Spain and abroad pursuant to applicable legal provisions.</del></p>
<p>2. Such registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors, which may also make decisions regarding the creation, elimination, or transfer of the branches, agencies, local offices, and delegations mentioned in the preceding section.</p>	<p>2. Such registered office may be transferred to another location within the same municipal area by resolution of the Board of Directors,<del>which may also make decisions regarding the creation, elimination, or transfer of the branches, agencies, local offices, and delegations mentioned in the preceding section.</del></p>
	<p><b><u>Article 7. The Iberdrola Group</u></b></p>
	<p><u>1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the “Group”).</u></p>
	<p><u>2. The corporate and governance structure of the Company is defined based on the following:</u></p>
	<p><u>a) The Company has duties relating to the design of the Corporate Governance System and to the establishment, supervision, and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level.</u></p>
	<p><u>b) The country subholding companies, which are directly or indirectly subordinate to the Company, carry out the function of organisation and strategic coordination in those countries where the Board of Directors of</u></p>

	<u>the Company so decides.</u>
	<u>These entities, which group together equity stakes in the business subholding companies in the various countries in which the Group operates, are also responsible for disseminating, implementing, and ensuring compliance with the policies, strategies, and general guidelines of the Group in each of the countries in which it operates, taking into account the characteristics and unique aspects of such countries.</u>
	<u>c) Finally, the business subholding companies of the Group are in charge of the day-to-day administration and effective management of each one of the Group's businesses within a country, as well as the day-to-day control thereof.</u>
	<b><u>Article 8. Permanent Contact with Shareholders and Transparency</u></b>
	<u>Permanent contact with its shareholders and ongoing attention to the transparency of corporate information and of relations with its shareholders and with the market generally, in accordance with the provisions of law and the Corporate Governance System, are primary objectives of the Company.</u>
	<b><u>Article 9. Corporate Website</u></b>
	<u>1. The Company maintains a corporate website, envisaged as an instrument for channelling its relations with shareholders and investors, which is intended to foster their involvement in corporate life.</u>
	<u>2. Through the corporate website:</u>

	a) <u>shareholders and investors are provided with the documents and information required by law and the Corporate Governance System and other information deemed appropriate, taking into account the provisions of the preceding section;</u>
	b) <u>shareholders are provided with the means to exercise the rights to receive information and to participation in the General Shareholders' Meeting recognised by law and by the Corporate Governance System;</u> <u>and</u>
	c) <u>full or summarised versions of the rules making up the Corporate Governance System are published.</u>
<b>Chapter II. Share Capital and Shares</b>	<b>Chapter II. Share Capital and Shares</b>
<b>Article 5. Share Capital</b>	<b>Article <del>5-10</del>. Share Capital</b>
The share capital is 4,791,362,250 euros, represented by 6,388,483,000 ordinary shares having a nominal value of 0.75 euro each, belonging to a single class and series, which are fully subscribed and paid-up.	The share capital is 4,791,362,250 euros, represented by 6,388,483,000 ordinary shares having a nominal value of 0.75 euro each, belonging to a single class and series, which are fully subscribed and paid- up.
<b>Article 6. Representation of the Shares</b>	<b>Article <del>6-Representation of the</del><u>11. The Shares</u></b>
1. The shares are represented in book-entry form and, as regards their nature as book entries, they shall be governed by the provisions of law.	<u>1.</u> The shares are represented in book-entry form <del>and, as regards their nature as book entries, they shall be governed by the provisions of law.</del>
2. The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.	<del>2.—The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.</del>

<p>3. The Company may at any time access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.</p>	<p><del>3. The Company may at any time access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.</del></p>
<p>4. Modifications to features of shares represented by book entries shall be published in the manner provided by law.</p>	<p><del>4. Modifications to features of shares represented by book entries shall be published in the manner provided by law.</del></p>
<p><b>Article 7. Unpaid Subscriptions</b></p>	<p><del><b>Article 7. Unpaid Subscriptions</b></del></p>
<p>1. If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.</p>	<p><u>2.</u> <del>1.</del> If shares have not been entirely paid up, this circumstance shall be reflected in the corresponding book entry.</p>
<p>2. Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase, which may provide for cash as well as non-cash contributions.</p>	<p><u>3.</u> <del>2.</del> Unpaid subscriptions must be paid at the time fixed by the Board of Directors, within a period of five years from the date of the resolution approving the capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase, which may provide for cash as well as non-cash contributions.</p>
<p>3. A shareholder who is delinquent in the payment of unpaid subscriptions may not exercise the right to vote. The nominal amount of such shareholder's shares shall be deducted from share capital for calculating a quorum. Such shareholder shall also not have the right to receive dividends or the pre-emptive right to subscribe for new shares or convertible debentures.</p>	<p><del>3. A shareholder who is delinquent in the payment of unpaid subscriptions may not exercise the right to vote. The nominal amount of such shareholder's shares shall be deducted from share capital for calculating a quorum. Such shareholder shall also not have the right to receive dividends or the pre-emptive right to subscribe for new shares or convertible debentures.</del></p>

<p>Once the amount of the unpaid subscriptions and interest thereon has been paid, the shareholder may make a claim for payment of unexpired dividends, but not pre-emptive rights if the period for the exercise thereof has already lapsed.</p>	<p><del>Once the amount of the unpaid subscriptions and interest thereon has been paid, the shareholder may make a claim for payment of unexpired dividends, but not pre-emptive rights if the period for the exercise thereof has already lapsed.</del></p>
<p><b>Article 8. Shareholder Status</b></p>	<p><b>Article <del>8.12</del>, Shareholder Status</b></p>
<p>1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the Company's Corporate Governance System.</p>	<p>1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the rights and obligations established by law and by the <del>Company's</del> Corporate Governance System. <u>In this regard, the Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register.</u></p>
<p>2. The shares are indivisible. Co-owners of one or more shares must designate a single person for the exercise of shareholder rights, and shall be jointly and severally liable to the Company for all obligations arising from their status as shareholders.</p>	<p><del>2. The shares are indivisible. Co-owners of one or more shares must designate a single person for the exercise of shareholder rights, and shall be jointly and severally liable to the Company for all obligations arising from their status as shareholders.</del> <u>The Company may, as legally allowed, access the information needed to fully identify its shareholders, including addresses and means of contact for communication with them.</u></p>
<p>3. In the case of beneficially-owned shares (<i>usufructo de acciones</i>), the bare owner shall be qualified as the designated shareholder, with the beneficial owner having the right in all cases to the dividends approved by the Company during the period of beneficial ownership.</p>	<p><del>3. In the case of beneficially-owned shares (<i>usufructo de acciones</i>), the bare owner shall be qualified as the designated shareholder, with the beneficial owner having the right in all cases to the dividends approved by the Company during the period of beneficial ownership.</del></p>

4. In the event of a pledge of shares, the exercise of shareholder rights belongs to the owner thereof.	<del>4.— In the event of a pledge of shares, the exercise of shareholder rights belongs to the owner thereof.</del>
	<u><b>Chapter III. The Shareholders</b></u>
	<u><b>Article 13. Involvement of the Shareholders</b></u>
	<u>The Company shall foster continuous and appropriate information for its shareholders, permanent contact therewith, and their involvement in corporate life. For this purpose, the Board of Directors shall establish the channels for participation through which the Company will foster their involvement with appropriate guarantees and coordination mechanisms.</u>
	<u><b>Article 14. The Shareholders and the Corporate Governance System</b></u>
	<u>1. The ownership of shares entails consent to the Corporate Governance System and the duty to respect and comply with the legally adopted decisions of the governance bodies of the Company.</u>
5. Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith, and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the Company's Corporate Governance System.	<u>2. <del>5.</del> Shareholders must exercise their rights vis-à-vis the Company and the other shareholders, and must comply with their duties, acting with loyalty, in good faith, and transparently, within the framework of the corporate interest as the paramount interest ahead of the private interest of each shareholder and in accordance with the <del>Company's</del> Corporate Governance System.</u>

<p>6. Ownership of shares entails compliance with the Company's Corporate Governance System and submission to the lawfully-adopted decisions of the decision-making bodies and management of the Company.</p>	<p><del>6. Ownership of shares entails compliance with the Company's Corporate Governance System and submission to the lawfully-adopted decisions of the decision-making bodies and management of the Company.</del></p>
<p><b>Chapter III. Increase and Reduction in Share Capital</b></p>	<p><del><b>Chapter III. Increase and Reduction in Share Capital</b></del></p>
<p><b>Article 9. Increase in Share Capital</b></p>	<p><del><b>Article 9. Increase in Share Capital</b></del></p>
<p>1. The share capital may be increased by resolution of the shareholders acting at a General Shareholders' Meeting with the requirements established by law and in accordance with the various methods authorised thereby. The increase may be effected by the issuance of new shares or by an increase in the nominal value of existing shares, and the par of exchange for the increase may consist of cash or non-cash contributions to share capital, including the set-off of loans vis-à-vis the Company or the conversion of reserves into share capital. The increase may be effected in part with a charge against new contributions and in part with a charge against reserves.</p>	<p><del>1. The share capital may be increased by resolution of the shareholders acting at a General Shareholders' Meeting with the requirements established by law and in accordance with the various methods authorised thereby. The increase may be effected by the issuance of new shares or by an increase in the nominal value of existing shares, and the par of exchange for the increase may consist of cash or non-cash contributions to share capital, including the set-off of loans vis-à-vis the Company or the conversion of reserves into share capital. The increase may be effected in part with a charge against new contributions and in part with a charge against reserves.</del></p>
<p>2. Unless expressly provided otherwise in the resolution, if the increase in share capital is not fully subscribed within the period established for such purpose, the share capital shall be increased by the amount of the subscriptions made.</p>	<p><del>2. Unless expressly provided otherwise in the resolution, if the increase in share capital is not fully subscribed within the period established for such purpose, the share capital shall be increased by the amount of the subscriptions made.</del></p>
<p><b>Article 10. Authorised Share Capital</b></p>	<p><del><b>Article 10. Authorised Share Capital</b></del></p>

<p>1. The shareholders acting at a General Shareholders' Meeting may, in accordance with the requirements established for amendment of the <i>By-Laws</i> and within the limits and conditions fixed by law, authorise the Board of Directors, with powers of substitution, if any, to approve an increase in share capital on one or more occasions. When the shareholders delegate this power to the Board of Directors, they may also grant it the power to exclude pre-emptive rights with respect to the issuance of shares subject to the delegation, within the terms and subject to the requirements established by law.</p>	<p><del>1. The shareholders acting at a General Shareholders' Meeting may, in accordance with the requirements established for amendment of the <i>By-Laws</i> and within the limits and conditions fixed by law, authorise the Board of Directors, with powers of substitution, if any, to approve an increase in share capital on one or more occasions. When the shareholders delegate this power to the Board of Directors, they may also grant it the power to exclude pre-emptive rights with respect to the issuance of shares subject to the delegation, within the terms and subject to the requirements established by law.</del></p>
<p>2. The shareholders acting at a General Shareholders' Meeting may also delegate to the Board of Directors, with powers of substitution, if any, the power to carry out the previously-adopted resolution to increase the share capital, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. The Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions, the condition of the Company itself, or any particularly relevant fact or circumstance that the Board believes justifies such decision. Such decision shall be reported to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</p>	<p><del>2. The shareholders acting at a General Shareholders' Meeting may also delegate to the Board of Directors, with powers of substitution, if any, the power to carry out the previously-adopted resolution to increase the share capital, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. The Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions, the condition of the Company itself, or any particularly relevant fact or circumstance that the Board believes justifies such decision. Such decision shall be reported to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the</del></p>

	<del>use of such delegation.</del>
<b>Article 11. Pre-Emptive Rights, and the Exclusion Thereof</b>	<del><b>Article 11. Pre-Emptive Rights, and the Exclusion Thereof</b></del>
<p>1. In the event of increases in share capital involving the issuance of new shares, whether ordinary or preferred, and with a charge to cash contributions, the shareholders of the Company may exercise the right to subscribe for a number of shares proportional to the nominal value of the shares they hold at that time, when permitted by law and within the period granted to them for this purpose by the Board of Directors, which shall not be less than fifteen (15) days from the publication of the announcement of the subscription offer for the new issuance in the Official Bulletin of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>).</p>	<p><del>1. In the event of increases in share capital involving the issuance of new shares, whether ordinary or preferred, and with a charge to cash contributions, the shareholders of the Company may exercise the right to subscribe for a number of shares proportional to the nominal value of the shares they hold at that time, when permitted by law and within the period granted to them for this purpose by the Board of Directors, which shall not be less than fifteen (15) days from the publication of the announcement of the subscription offer for the new issuance in the Official Bulletin of the Commercial Registry (<i>Boletín Oficial del Registro Mercantil</i>).</del></p>
<p>2. The shareholders acting at a General Shareholders' Meeting or, if applicable, the Board of Directors, may, in furtherance of the corporate interest, exclude pre-emptive rights in whole or in part in such cases and under such conditions as are provided by law. In particular, the corporate interest may justify the exclusion of pre-emptive rights when needed to facilitate the placement of new shares in markets that will allow access to sources of financing; fundraising by using book-building techniques capable of maximising the issue price per share; the inclusion of certain shareholders; the implementation of remuneration programmes covering directors, officers, or employees;</p>	<p><del>2. The shareholders acting at a General Shareholders' Meeting or, if applicable, the Board of Directors, may, in furtherance of the corporate interest, exclude pre-emptive rights in whole or in part in such cases and under such conditions as are provided by law. In particular, the corporate interest may justify the exclusion of pre-emptive rights when needed to facilitate the placement of new shares in markets that will allow access to sources of financing; fundraising by using book-building techniques capable of maximising the issue price per share; the inclusion of certain shareholders; the implementation of remuneration programmes covering directors,</del></p>

and in general, the performance of any transaction that is advisable for the Company.	<del>officers, or employees; and in general, the performance of any transaction that is advisable for the Company.</del>
3. Pre-emptive rights shall not apply when the share capital increase is made with a charge to non-cash contributions or when it is due to the conversion of debentures into shares or the takeover of another company or all or a portion of the split-off assets of another company.	<del>3. Pre-emptive rights shall not apply when the share capital increase is made with a charge to non-cash contributions or when it is due to the conversion of debentures into shares or the takeover of another company or all or a portion of the split-off assets of another company.</del>
<b>Article 12. Reduction in Share Capital</b>	<del><b>Article 12. Reduction in Share Capital</b></del>
1. In accordance with the procedures established by law, a reduction in share capital may be carried out by means of a reduction in the nominal value of shares, a retirement of shares, or a pooling thereof in order to exchange them and, in all cases, the purpose thereof may be to return contributions, cancel unpaid subscriptions, create or increase reserves, re-establish equilibrium between the share capital and the assets of the Company diminished due to losses, or several of such purposes simultaneously.	<del>1. In accordance with the procedures established by law, a reduction in share capital may be carried out by means of a reduction in the nominal value of shares, a retirement of shares, or a pooling thereof in order to exchange them and, in all cases, the purpose thereof may be to return contributions, cancel unpaid subscriptions, create or increase reserves, re-establish equilibrium between the share capital and the assets of the Company diminished due to losses, or several of such purposes simultaneously.</del>
2. In the event of a reduction in share capital in order to return contributions, payment to the shareholders may be made totally or partially in kind, provided that the conditions set forth in article 61.5 below have been met.	<del>2. In the event of a reduction in share capital in order to return contributions, payment to the shareholders may be made totally or partially in kind, provided that the conditions set forth in article 61.5 below have been met.</del>
3. In accordance with the provisions of law, the shareholders acting at a General Shareholders' Meeting may resolve to reduce the share capital in order to retire a particular group of	<del>3. In accordance with the provisions of law, the shareholders acting at a General Shareholders' Meeting may resolve to reduce the share capital in order to retire a particular</del>

<p>shares, provided that such group is defined based on substantive, homogeneous, and non-discriminatory criteria. In such event, the measure must be approved by majority vote of the shareholders pertaining to the affected group as well as by majority vote of the rest of the shareholders remaining with the Company. The amount to be paid by the Company may not be less than the arithmetic mean of the closing prices of the Company's shares on the Continuous Market of the Stock Exchanges during the month prior to the adoption of the resolution reducing the share capital.</p>	<p><del>group of shares, provided that such group is defined based on substantive, homogeneous, and non-discriminatory criteria. In such event, the measure must be approved by majority vote of the shareholders pertaining to the affected group as well as by majority vote of the rest of the shareholders remaining with the Company. The amount to be paid by the Company may not be less than the arithmetic mean of the closing prices of the Company's shares on the Continuous Market of the Stock Exchanges during the month prior to the adoption of the resolution reducing the share capital.</del></p>
<p><b>Chapter IV. Issuance of Debentures and Other Securities</b></p>	<p><del><b>Chapter IV. Issuance of Debentures and Other Securities</b></del></p>
<p><b>Article 13. Issuance of Debentures</b></p>	<p><del><b>Article 13. Issuance of Debentures</b></del></p>
<p>1. The shareholders acting at a General Shareholders' Meeting may, as provided by law, delegate to the Board of Directors the power to issue simple or convertible and/or exchangeable debentures. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</p>	<p><del>1. The shareholders acting at a General Shareholders' Meeting may, as provided by law, delegate to the Board of Directors the power to issue simple or convertible and/or exchangeable debentures. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</del></p>
<p>2. In addition, the shareholders acting at a General Shareholders' Meeting may authorise the Board of Directors to determine the time at which the approved issuance should take place, as well as to set other conditions not provided for in the shareholders' resolution.</p>	<p><del>2. In addition, the shareholders acting at a General Shareholders' Meeting may authorise the Board of Directors to determine the time at which the approved issuance should take place, as well as to set other conditions not provided for in the shareholders' resolution.</del></p>

<p><b>Article 14. Convertible and/or Exchangeable Debentures</b></p>	<p><del>Article 14. Convertible and/or Exchangeable Debentures</del></p>
<p>1. Convertible and/or exchangeable debentures may be issued with a fixed (determined or determinable) or variable exchange ratio.</p>	<p><del>1. Convertible and/or exchangeable debentures may be issued with a fixed (determined or determinable) or variable exchange ratio.</del></p>
<p>2. The resolution authorising issuance shall provide whether the power to convert or exchange belongs to the debenture-holder and/or the Company or, if applicable, whether the conversion or exchange will occur automatically at a particular time.</p>	<p><del>2. The resolution authorising issuance shall provide whether the power to convert or exchange belongs to the debenture-holder and/or the Company or, if applicable, whether the conversion or exchange will occur automatically at a particular time.</del></p>
	<p><b><u>TITLE II. THE GENERAL SHAREHOLDERS' MEETING</u></b></p>
<p><b>Article 15. Other Securities</b></p>	<p><del>Article 15. Other Securities</del> <b><u>The General Shareholders' Meeting</u></b></p>
<p>1. The Company may issue notes, warrants, preferred shares, and other negotiable securities different from the ones provided for in the preceding articles.</p>	<p><del>1. The Company may issue notes, warrants, preferred shares, and other negotiable securities different from the ones provided for in the preceding articles.</del></p>
<p>2. The shareholders acting at a General Shareholders' Meeting may delegate to the Board of Directors the power to issue such securities. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</p>	<p><del>2. The shareholders acting at a General Shareholders' Meeting may delegate to the Board of Directors the power to issue such securities. The Board of Directors may make use of such delegation on one or more occasions during a maximum period of five (5) years.</del></p>
<p>3. The shareholders may also authorise the Board of Directors to determine the time at which the approved issuance should be carried out, as well as to set other terms not provided for in the shareholders' resolution, upon the terms provided</p>	<p><del>3. The shareholders may also authorise the Board of Directors to determine the time at which the approved issuance should be carried out, as well as to set other terms not provided for in the shareholders' resolution, upon the</del></p>

by law.	<del>terms provided by law.</del>
4. The Company may also provide a guarantee of securities issued by its subsidiaries.	<del>4. The Company may also provide a guarantee of securities issued by its subsidiaries.</del>
<b>TITLE II. GOVERNANCE OF THE COMPANY</b>	<del><b>TITLE II. GOVERNANCE OF THE COMPANY</b></del>
<b>Chapter I. The General Shareholders' Meeting</b>	<del><b>Chapter I. The General Shareholders' Meeting</b></del>
<b>Article 16. The General Shareholders' Meeting</b>	<del><b>Article 16. The General Shareholders' Meeting</b></del>
1. The shareholders, meeting at a duly called General Shareholders' Meeting, shall decide, by the majorities required in each case, on the matters within their power, in accordance with law and the Company's Corporate Governance System.	1. The shareholders, meeting at a <del>duly called</del> General Shareholders' Meeting, shall decide, by the majorities required in each case, <del>on the matters within their power,</del> <u>and</u> in accordance with law and the <del>Company's</del> Corporate Governance System, <u>on the matters within their power.</u>
2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.	2. Resolutions that are duly adopted at a General Shareholders' Meeting shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.
3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i> , the <i>Regulations for the General Shareholders' Meeting</i> , and other applicable provisions of the Corporate Governance System.	3. The General Shareholders' Meeting is governed by the provisions of law, these <i>By-Laws</i> , the <i>Regulations for the General Shareholders' Meeting</i> , <del>and</del> other applicable provisions of the Corporate Governance System, <u>and other implementing rules approved by the Board of Directors within the scope of its powers.</u>

	<u><a href="#">Article 16. Participation of the Shareholders</a></u>
	<u><a href="#">The Board of Directors shall adopt appropriate measures to encourage maximum participation of the shareholders at the General Shareholders' Meeting, including, if appropriate, the payment of attendance bonuses pursuant to a predefined and public policy.</a></u>
<b>Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting</b>	<b>Article 17. Powers of the Shareholders Acting at a General Shareholders' Meeting</b>
1. The shareholders at a General Shareholders' Meeting shall decide the matters assigned thereto by law or the Corporate Governance System, and particularly regarding the following:	1. The shareholders <u><a href="#">acting</a></u> at a General Shareholders' Meeting shall decide the matters assigned thereto by law <del>or</del> <u><a href="#">the Regulations for the General Shareholders' Meeting, or other rules of</a></u> the Corporate Governance System, and particularly regarding the following:
a) The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.	<u><a href="#">(i)</a></u> <del>a)</del> —The approval of the annual accounts, the allocation of profits or losses, and the approval of corporate management.
b) The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.	<u><a href="#">(ii)</a></u> <del>b)</del> —The appointment, re-election, and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
	<u><a href="#">(iii)</a></u> <u><a href="#">The approval of the director remuneration policy.</a></u>
	<u><a href="#">(iv)</a></u> <u><a href="#">The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of</a></u>

	<u>shares or of rights therein or remuneration based on the value of the shares.</u>
	(v) <u>Relieving the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.</u>
c) The appointment, re-election, and removal of the auditor.	(vi) <del>e)</del> —The appointment, re-election, and removal of the <del>auditor</del> <u>auditors.</u>
d) The amendment of the <i>By-Laws</i> .	(vii) <del>e)</del> —The amendment of <del>the</del> <u>these</u> <i>By-Laws</i> .
	(viii) <u>An increase or reduction in share capital.</u>
e) An increase or reduction in share capital, as well as the delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.	(ix) <del>e)</del> — <del>An increase or reduction in share capital, as well as the</del> <u>The</u> delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.
	(x) <u>The delegation to the Board of Directors of the power to carry out a capital increase already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the</u>

	<p><u>Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</u></p>
f) The exclusion or limitation of pre-emptive rights.	<p><u>(xi)</u> <del>f)</del>—The exclusion or limitation of pre-emptive rights.</p>
	<p><u>(xii)</u> <u>The authorisation for the derivative acquisition of the Company's own shares.</u></p>
g) The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.	<p><u>(xiii)</u> <del>g)</del>—The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.</p>
h) The dissolution of the Company.	<p><u>(xiv)</u> <del>h)</del>—The dissolution of the Company <u>and the appointment and removal of the liquidators.</u></p>
i) The approval of the final liquidating balance sheet.	<p><u>(xv)</u> <del>i)</del>—The approval of the final liquidating balance sheet.</p>
j) The approval of the establishment of systems for remuneration of the Company's directors and senior officers, consisting of the delivery of shares or of rights therein, or remuneration that takes as its reference the value of the shares.	<p><del>j) The approval of the establishment of systems for remuneration of the Company's directors and senior officers, consisting of the delivery of shares or of rights therein, or remuneration that takes as its reference the value of the shares.</del></p>

k) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them.	<del>(xvi) k)</del> —The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, <u>as well as the power to exclude or limit preemptive rights, upon the terms established by law.</u>
l) The authorisation for the derivative acquisition of the Company's own shares.	<del>(xvii) l)</del> — <del>The authorisation for the derivative acquisition of the Company's own shares</del> <u>The exercise of derivative liability actions against directors, auditors, and liquidators.</u>
m) The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .	<del>(xviii) m)</del> —The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i> .
	<del>(xix)</del> <u>The transfer to controlled entities of core activities that were previously carried out by the Company itself, even if it retains full ownership of such entities;</u>
	<del>(xx)</del> <u>The acquisition, transfer, or contribution of key assets from or to another company.</u>
	<del>(xxi)</del> <u>The approval of transactions having an effect equivalent to liquidation of the Company.</u>
2. In addition, the shareholders acting at a General Shareholders' Meeting shall decide any matter that is submitted to them by the Board of Directors or by the shareholders in the cases provided by law or that	2. <del>In addition, the</del> <u>The</u> shareholders <del>acting</del> at a General Shareholders' Meeting shall <u>also</u> <del>decide</del> <u>on</u> any matter that <del>is submitted to them by</del> the Board of Directors or <del>by the shareholders in the cases provided</del>

<p>falls within their power pursuant to law or the Company's Corporate Governance System.</p>	<p><del>by law or that falls within their power pursuant to law or the Company's</del> <u>the shareholders submit for their consideration, upon the terms and with the requirements established by law and the</u> Corporate Governance System.</p>
<p><b>Article 18. Annual and Extraordinary General Shareholders' Meeting</b></p>	<p><del><b>Article 18. Annual and Extraordinary General Shareholders' Meeting</b></del></p>
<p>1. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review corporate management, approve the annual accounts for the prior financial year, if appropriate, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matter appears on the agenda of the call to meeting or is legally appropriate and that the General Shareholders' Meeting has been convened with the required share capital in attendance.</p>	<p><del>1. The shareholders acting at an annual General Shareholders' Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review corporate management, approve the annual accounts for the prior financial year, if appropriate, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders' Meeting regarding any other matter within the power of the shareholders, provided that such matter appears on the agenda of the call to meeting or is legally appropriate and that the General Shareholders' Meeting has been convened with the required share capital in attendance.</del></p>
<p>2. Any General Shareholders' Meeting not provided for in the preceding section shall be deemed an extraordinary General Shareholders' Meeting.</p>	<p><del>2. Any General Shareholders' Meeting not provided for in the preceding section shall be deemed an extraordinary General Shareholders' Meeting.</del></p>
<p><b>Article 19. Call to the General Shareholders' Meeting</b></p>	<p><del><b>Article 19. Call to the General Shareholders' Meeting</b></del></p>
<p>1. The General Shareholders' Meeting must be formally called by the Board of Directors through an</p>	<p><u>1.</u> The General Shareholders' Meeting must be formally called by the Board of Directors through an</p>

announcement published as much in advance as required by law.	announcement published as much in advance as required by law.
The announcement of the call to meeting shall be disseminated through the following media, at a minimum:	<u>2.</u> The announcement of the call to meeting shall be disseminated through the following media, at a minimum:
a) The Official Bulletin of the Commercial Registry or one of the more widely circulated newspapers in Spain.	a) The Official <del>Bulletin</del> <u>Gazette</u> of the Commercial Registry <u>(Boletín Oficial del Registro Mercantil)</u> or one of the more widely circulated newspapers in Spain.
b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).	b) The website of the National Securities Market Commission ( <i>Comisión Nacional del Mercado de Valores</i> ).
c) The Company's corporate website.	c) The Company's corporate website.
The announcement published on the Company's corporate website shall be accessible on an uninterrupted basis until at least the holding of the General Shareholders' Meeting.	<del>The announcement published on the Company's corporate website shall be accessible on an uninterrupted basis until at least the holding of the General Shareholders' Meeting.</del>
2. The Board of Directors must call a General Shareholders' Meeting in the following events:	<del>2. The Board of Directors must call a General Shareholders' Meeting in the following events:</del>
a) In the event set forth in article 18.1 above.	<del>a) In the event set forth in article 18.1 above.</del>
b) If the meeting is requested, in the manner provided for by law, by shareholders holding or representing at least five (5%) per cent of the share capital, which request sets forth the matters to be dealt with. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors must include the	<del>b) If the meeting is requested, in the manner provided for by law, by shareholders holding or representing at least five (5%) per cent of the share capital, which request sets forth the matters to be dealt with. In this event, the Board of Directors shall call for the General Shareholders' Meeting to be held within the statutorily prescribed deadline. The Board of Directors must include the</del>

<p>requested matters in the agenda of the call to meeting.</p>	<p><del>requested matters in the agenda of the call to meeting.</del></p>
<p>c) When a takeover bid is made for the securities of the Company, in order to report to the shareholders regarding such takeover bid and to deliberate and decide upon the matters submitted for their consideration. Any shareholder or shareholders owning voting shares representing at least one (1%) per cent of share capital shall have the right to request the inclusion of matters in the agenda of the call to the General Shareholders' Meeting that must be called for this purpose.</p>	<p><del>e) When a takeover bid is made for the securities of the Company, in order to report to the shareholders regarding such takeover bid and to deliberate and decide upon the matters submitted for their consideration. Any shareholder or shareholders owning voting shares representing at least one (1%) per cent of share capital shall have the right to request the inclusion of matters in the agenda of the call to the General Shareholders' Meeting that must be called for this purpose.</del></p>
<p>3. The announcement of the call to meeting must contain all statements required by law under such circumstance and must set forth the day, place, and time of the meeting upon first call and all matters to be dealt with. The announcement may also, if appropriate, set forth the date on which the General Shareholders' Meeting shall proceed upon second call.</p>	<p><del>3. The announcement of the call to meeting must contain all statements required by law under such circumstance and must set forth the day, place, and time of the meeting upon first call and all matters to be dealt with. The announcement may also, if appropriate, set forth the date on which the General Shareholders' Meeting shall proceed upon second call.</del></p>
<p>4. Shareholders representing at least five (5%) per cent of the share capital may request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution, and submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to meeting of the</p>	<p><del>4. Shareholders representing at least five (5%) per cent of the share capital may request the publication of a supplement to the call to the Annual General Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution, and submit well-founded proposed resolutions regarding matters already included or that should be included in the</del></p>

General Shareholders' Meeting being called.	<del>agenda of the call to meeting of the General Shareholders' Meeting being called.</del>
5. The shareholder's rights mentioned in the preceding sections 2.b), 2.c), and 4 must be exercised by duly authenticated notice that must be sent to the Company's registered office and which, in the latter two cases, must be received within five (5) days of the publication of the call to meeting. The supplement to the call to meeting mentioned in such sub-sections must be published within the statutorily prescribed deadline.	<del>5. The shareholder's rights mentioned in the preceding sections 2.b), 2.c), and 4 must be exercised by duly authenticated notice that must be sent to the Company's registered office and which, in the latter two cases, must be received within five (5) days of the publication of the call to meeting. The supplement to the call to meeting mentioned in such sub-sections must be published within the statutorily prescribed deadline.</del>
6. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.	<del>6. The shareholders at the General Shareholders' Meeting may not deliberate on or decide matters that are not included in the agenda of the call to meeting, unless otherwise provided by law.</del>
7. The Board of Directors may require that a notary public attend the General Shareholders' Meeting and prepare the minutes thereof. In any event, the Board of Directors must request the presence of a notary public under the circumstances provided by law.	<del>7. The Board of Directors may require that a notary public attend the General Shareholders' Meeting and prepare the minutes thereof. In any event, the Board of Directors must request the presence of a notary public under the circumstances provided by law.</del>
8. The Board of Directors is authorised to adopt appropriate measures to encourage the participation of the shareholders at the General Shareholders' Meeting, including the payment of attendance fees.	<del>8. The Board of Directors is authorised to adopt appropriate measures to encourage the participation of the shareholders at the General Shareholders' Meeting, including the payment of attendance fees.</del>
<b>Article 20. Shareholders' Right to Receive Information</b>	<b>Article <del>20</del><u>19</u>. Shareholders' Right to Receive Information</b>
1. From the date of publication of the	1. From the date of publication of the

<p>call to the General Shareholders' Meeting through and including the seventh day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required, or ask written questions that they deem pertinent, regarding the matters contained in the agenda of the call to meeting. In addition, upon the same prior notice and in the same manner, the shareholders may request information or clarifications or ask written questions regarding information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report.</p>	<p>call to the General Shareholders' Meeting through and including the <del>seventh</del><u>fifth</u> day prior to the date <del>provided</del><u>set</u> for the <u>meeting to be held on</u> first call <del>to meeting</del>, the shareholders may request in writing the information or clarifications that they deem are required, or ask <u>the</u> written questions that they deem <del>pertinent</del><u>relevant</u>, regarding (i) the matters contained in the agenda <del>of for</del> the <del>call to meeting</del>. <del>In addition, upon the same prior notice and in the same manner, the shareholders may request information or clarifications or ask written questions regarding</del><u>meeting</u>; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, and <del>regarding</del><u>(iii)</u> the audit report.</p>
<p>2. During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters contained in the agenda or the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report.</p>	<p>2. During the course of the General Shareholders' Meeting, the shareholders may verbally request the information or clarifications that they deem appropriate regarding the matters <del>contained in the agenda or the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the audit report</del><u>set forth in the preceding section</u>.</p>
<p>3. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the period provided by law</p>	<p>3. The Board of Directors shall be required to provide the information requested pursuant to the two preceding sections in the form and within the <del>period provided by law</del></p>

<p>and the Company's Corporate Governance System, except in cases in which it is improper or untimely, including, specifically, those cases in which, in the opinion of the chairman, publication of the information might prejudice the corporate interest. This last exception shall not apply when the request is supported by shareholders representing at least one-fourth (1/4) of the share capital.</p>	<p><del>and the Company's Corporate Governance System</del> <u>periods set forth in the law, in these By-Laws, and in the Regulations for the General Shareholders' Meeting</u>, except in cases in which it is <del>improper or untimely, including, specifically, those cases in which, in the opinion of the chairman,</del> <u>unnecessary for the protection of shareholder rights</u>, there are objective reasons to believe that it might be used for <u>ultra vires purposes</u>, or that publication of the information might prejudice the <del>corporate interest</del>. <del>This last exception shall not apply when</del> <u>Company or related companies</u>. <u>The information requested may not be denied if</u> the request is supported by shareholders representing at least <del>one-fourth (1/4)</del> <u>twenty-five per cent</u> of the share capital.</p>
<p>4. The call to the General Shareholders' Meeting shall set forth the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for approval by the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.</p>	<p>4. The <u>announcement of the</u> call to the General Shareholders' Meeting shall <del>set forth</del> <u>state</u> the means whereby any shareholder may obtain from the Company, without charge and on an immediate basis, the documents that must be submitted for <u>the</u> approval <del>by</del> <u>of</u> the shareholders at such General Shareholders' Meeting, as well as, if applicable, the management report and the audit report.</p>
<p>5. When the shareholders are to deal with an amendment to the <i>By-Laws</i>, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text of the</p>	<p><del>5. When the shareholders are to deal with an amendment to the By-Laws, besides the statements required by law in each case, the announcement of the call to meeting must make clear the right of all shareholders to examine at the Company's registered office the complete text</del></p>

<p>proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.</p>	<p><del>of the proposed amendment and the report thereon and to request that such documents be delivered or sent to them without charge.</del></p>
<p>6. In all cases in which the law so requires, such information and additional documentation as is mandatory shall be made available to the shareholders.</p>	<p><del>6. In all cases in which the law so requires, such</del> <u>The Company shall make available to its shareholders the</u> information and <del>additional</del> documentation <del>as is mandatory shall be made available to the shareholders</del> <u>required by the provisions of law and the Corporate Governance System.</u></p>
	<p><u>Article 20. Place of the Meeting</u></p>
	<p><u>The General Shareholders' Meeting shall be held at the place indicated in the call to meeting within the municipal territory of Bilbao.</u></p>
<p><b>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</b></p>	<p><b>Article 21. Establishment of a Quorum for the General Shareholders' Meeting</b></p>
<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda of the call to meeting.</p>	<p>1. The General Shareholders' Meeting shall be validly established with the minimum quorum required by law, taking into account the matters appearing on the agenda <del>of the call to meeting.</del></p>
<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds (2/3) of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty (60%) per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the</p>	<p>2. Notwithstanding the provisions of the preceding section, shareholders representing two-thirds <del>(2/3)</del> of subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders' Meeting, and shareholders representing sixty <del>(60%)</del> per cent of such share capital must be in attendance at the second call, in order to adopt resolutions regarding a change in the object of the Company, transformation, total split-off, dissolution of the</p>

Company, and the amendment of this section 2.	Company, and the amendment of this section 2.
3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.	3. The absence of shareholders occurring once a quorum for the General Shareholders' Meeting has been established shall not affect the validity of the meeting.
4. If the attendance of shareholders representing a particular percentage of share capital or the consent of specific interested shareholders is required pursuant to applicable legal or by-law provisions in order to validly adopt a resolution regarding one or more items on the agenda of the call to the General Shareholders' Meeting, and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders shall limit themselves to deliberating and deciding regarding those items on the agenda that do not require such percentage of share capital or the presence of such shareholders.	4. If the attendance of shareholders representing a particular <u>minimum</u> percentage of share capital or the consent of specific interested shareholders is required pursuant to <del>applicable legal or by-law provisions</del> <u>law or the Corporate Governance System</u> in order to <del>validly</del> adopt a resolution regarding one or more items on the agenda <del>of the call to the General Shareholders' Meeting</del> , and such percentage is not reached or such shareholders are not present in person or by proxy, the shareholders <u>at the General Shareholders' Meeting</u> shall limit themselves to deliberating and deciding <del>regarding</del> <u>on</u> those items on the agenda that do not require such percentage of share capital or the <del>presence</del> <u>consent</u> of such shareholders.
<b>Article 22. Right to Attend</b>	<b>Article 22. Right to Attend</b>
1. The holders of voting shares may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.	<u>1.</u> The holders of <u>at least one</u> <del>shares</del> <u>share</u> may attend the General Shareholders' Meeting and take part in deliberations thereof, with the right to be heard and to vote.
	<u>2.</u> <u>The General Shareholders' Meeting may be attended by going to the place where the meeting is held or, if so indicated in the call to</u>

	<p><u>meeting, to other places provided for such purpose by the Company and that are connected with the principal meeting place by systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. Attendees at any of such places shall be considered to be attendees at the same individual meeting, which shall be deemed to have been held at the principal location thereof.</u></p>
<p>2. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five (5) days prior to the day on which the General Shareholders' Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by the Company.</p>	<p><u>3.</u> <del>2.</del>In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five <del>(5)</del> days prior to the day on which the General Shareholders' Meeting is to be held. <del>This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by the Company.</del></p>
<p>3. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity of the General Shareholders' Meeting.</p>	<p><del>3. The members of the Board of Directors must attend the General Shareholders' Meeting. The absence of any of them shall not affect the validity of the General Shareholders' Meeting.</del></p>
<p>4. The chair of the General Shareholders' Meeting may authorise the attendance thereof of officers, technical personnel, and other persons related to the Company. The chair may also grant access thereto to the media,</p>	<p><u>4.</u> The chair of the General Shareholders' Meeting may authorise the attendance <del>thereat</del> of officers, <del>technical personnel</del><u>employees</u>, and other persons related to the Company. The chair may also grant access</p>

<p>financial analysts, and to any other person the chair deems appropriate, although the shareholders acting thereat may revoke such authorisation.</p>	<p><del>thereto</del> to the media, <u>to</u> financial analysts, and to any other person the chair deems appropriate, <u>as well as authorise the simultaneous or delayed broadcast thereof</u>, although the shareholders acting thereat may revoke such authorisation.</p>
<p><b>Article 23. Right to Proxy Representation</b></p>	<p><b>Article 23. Right to Proxy Representation</b></p>
<p>1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the Company's Corporate Governance System.</p>	<p>1. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of law and the <del>Company's</del> Corporate Governance System.</p>
<p>2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article 28 below for the issuance of absentee votes shall apply to the extent applicable.</p>	<p>2. Proxies must be given in writing or by postal or electronic correspondence, in which case the provisions of article <del>28</del><u>27</u> below for the <del>issuance</del><u>casting</u> of absentee votes shall apply to the extent applicable.</p>
<p>3. Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of the Company's Corporate Governance System, without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote pursuant to law.</p>	<p>3. Proxy and voting instructions of shareholders acting through brokers, representatives, or depositaries shall be governed by the provisions of <u>law and the</u> <del>Company's</del> Corporate Governance System, <del>without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote pursuant to law.</del></p>
<p>4. In cases of absence of identification of the proxy-holder, absence of</p>	<p>4. In cases of absence of identification of the proxy-holder, absence of</p>

<p>express instructions for the exercise of voting rights, items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of interest affecting the proxy-holder, the rules established in this regard in the Company's Corporate Governance System shall apply.</p>	<p>express instructions for the exercise of voting rights, <u>submission of</u> items not included on the agenda of the call to the General Shareholders' Meeting, or a conflict of interest affecting the proxy-holder, the rules established in this regard in the <del>Company's</del> Corporate Governance System shall apply.</p>
<p>5. The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives, verify the ownership and status of their rights, and recognise the validity of the attendance, proxy, and absentee voting document or media evidencing attendance or representation by proxy.</p>	<p>5. The <del>chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify</del> <u>from either of them, shall be responsible for verifying</u> the identity of the shareholders and their representatives, <del>verify</del> <u>verifying</u> the ownership and status of their rights, and <del>recognise</del> <u>recognising</u> the validity of the attendance, proxy, and absentee voting <del>document</del> <u>card</u> or <del>media</del> <u>the instrument</u> evidencing attendance or representation by proxy.</p>
<p>6. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</p>	<p><del>6. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.</del></p>
<p><b>Article 24. Place and Time of the Meeting</b></p>	<p><b>Article 24. <del>Place and Time of</del> <u>Presiding Committee, Chair of, and Secretary for the General Shareholders' Meeting</u></b></p>
<p>1. The General Shareholders' Meeting shall be held at the place indicated in the call to meeting in any</p>	<p>1. The <del>General Shareholders' Meeting shall be held at the place indicated in the call to meeting in any</del></p>

<p>municipality within the Historical Territory of Biscay.</p>	<p><del>municipality within the Historical Territory of Biscay.</del> <u>Presiding Committee (Mesa) of the General Shareholders' Meeting shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these By-Laws or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting in carrying out the duties thereof.</u></p>
<p>2. The General Shareholders' Meeting may be attended by going to the place where the meeting is to be held or, if applicable, to other places provided by the Company and indicated in the call to meeting, and that are connected therewith by any valid systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. The principal place of the meeting must be located in the municipality of the Historical Territory of Biscay indicated in the call to meeting, but supplemental locations need not be so located. For all purposes relating to the General Shareholders' Meeting, attendees at any of the sites shall be deemed attendees at the same individual meeting. The meeting shall be deemed to have been held at the principal location thereof.</p>	<p><del>2. The General Shareholders' Meeting may be attended by going to the place where the meeting is to be held or, if applicable, to other places provided by the Company and indicated in the call to meeting, and that are connected therewith by any valid systems that allow recognition and identification of the parties attending, permanent communication among the attendees regardless of their location, and participation and voting, all in real time. The principal place of the meeting must be located in the municipality of the Historical Territory of Biscay indicated in the call to meeting, but supplemental locations need not be so located. For all purposes relating to the General Shareholders' Meeting, attendees at any of the sites shall be deemed attendees at the same individual meeting. The meeting shall be deemed to have been held at the principal location thereof.</del></p>

<p>3. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the Company's registered office.</p>	<p><del>3. If no place is indicated in the call to meeting, it shall be deemed that the meeting will take place at the Company's registered office.</del></p>
<p>4. The shareholders may, provided that there are good reasons for such purpose, approve a continuation of the meeting for one or more consecutive days at the proposal of the chair of the General Shareholders' Meeting, a majority of the directors attending the meeting, or at the request of a number of shareholders representing at least one fourth (1/4) of the share capital. Regardless of the number of sessions, the General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions. The shareholders may also temporarily suspend the meeting under the circumstances and in the manner set forth in the <i>Regulations for the General Shareholders' Meeting</i>.</p>	<p><del>4. The shareholders may, provided that there are good reasons for such purpose, approve a continuation of the meeting for one or more consecutive days at the proposal of the chair of the General Shareholders' Meeting, a majority of the directors attending the meeting, or at the request of a number of shareholders representing at least one fourth (1/4) of the share capital. Regardless of the number of sessions, the General Shareholders' Meeting shall be deemed to be a single meeting, and a single set of minutes shall be prepared for all of the sessions. The shareholders may also temporarily suspend the meeting under the circumstances and in the manner set forth in the <i>Regulations for the General Shareholders' Meeting</i>.</del></p>
<p><b>Article 25. Chair, Secretary, and Presiding Committee of the General Shareholders' Meeting</b></p>	<p><del><b>Article 25. Chair, Secretary, and Presiding Committee of the General Shareholders' Meeting</b></del></p>
<p>1. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article 47.5 below. In the absence of all of the foregoing, the person appointed by the Presiding Committee (<i>Mesa</i>) shall act as chair of the General Shareholders' Meeting.</p>	<p>1. The chairman of the Board of Directors or, in the absence thereof, the vice-chair, shall act as chair of the General Shareholders' Meeting. If there are several vice-chairs, they shall act in the order set forth in article <del>47.5</del><u>42.6</u> below. In the absence of all of the foregoing, the person appointed by the Presiding Committee (<del><i>Mesa</i></del>) shall act as chair of the General Shareholders' Meeting.</p>

	Meeting.
2. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary of the Board of Directors, shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article 49.2 below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.	2. The secretary of the Board of Directors or, in the absence thereof, the deputy secretary <del>of the Board of Directors</del> , shall act as secretary for the General Shareholders' Meeting. If there are several deputy secretaries, the order set forth in article <del>49.2</del> <u>49.244.2</u> below shall apply. In the absence of all of the foregoing, the person appointed by the Presiding Committee shall act as secretary for the General Shareholders' Meeting.
3. The Presiding Committee shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting, at the chair's request, in carrying out the duties thereof.	<del>3. The Presiding Committee shall be made up of the chair of and the secretary for the General Shareholders' Meeting and the other members of the Board of Directors present at the meeting. Without prejudice to other powers that may be assigned thereto by these <i>By-Laws</i> or the Corporate Governance System, the Presiding Committee shall assist the chair of the General Shareholders' Meeting, at the chair's request, in carrying out the duties thereof.</del>
<b>Article 26. List of Attendees</b>	<b>Article <del>26</del><u>25</u>. List of Attendees</b>
1. Once the Presiding Committee has been formed, and prior to beginning with the agenda of the call to meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of their own or other parties' shares present. At the end of the list, there shall be a determination of the number of shareholders present (including those casting an absentee vote) in person	1. <del>Once the Presiding Committee has been formed, and prior</del> <u>Prior</u> to beginning with the agenda <del>of</del> <u>for</u> the <del>call to</del> meeting, a list of attendees shall be prepared that sets forth the nature or representation of each attendee and the number of <del>their own or other parties' shares present.</del> <del>At the end of the list, there shall be a determination of the number of shareholders present (including those casting an absentee vote) in</del>

<p>or by proxy at the meeting, as well as the amount of share capital they own, with a specification as to which capital corresponds to shareholders with the right to vote.</p>	<p><del>person or by proxy at the meeting, as well as the amount of share capital they own, with a specification as to which capital corresponds to shareholders with the right to vote.</del> <u>shares they own or represent by proxy.</u></p>
<p>2. Once the list has been prepared, the chair of the General Shareholders' Meeting shall declare whether or not the requirements for the valid formation of a General Shareholders' Meeting have been met. Immediately thereafter, if appropriate, the chair of the General Shareholders' Meeting shall declare the General Shareholders' Meeting to be validly convened. Questions or claims arising with respect to these matters shall be resolved by the chair of the General Shareholders' Meeting.</p>	<p><del>2. Once the list has been prepared, the chair of the General Shareholders' Meeting shall declare whether or not the requirements for the valid formation of a General Shareholders' Meeting have been met. Immediately thereafter, if appropriate, the chair of the General Shareholders' Meeting shall declare the General Shareholders' Meeting to be validly convened. Questions or claims arising with respect to these matters shall be resolved by the chair of the General Shareholders' Meeting.</del> <u>preparation of the list of attendees and compliance with the requirements for a valid quorum at the General Shareholders' Meeting shall be resolved by the chair of the General Shareholders' Meeting thereof.</u></p>
<p>3. If the Company requests a notary public to prepare the minutes of the meeting, the notary public shall ask the shareholders and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital present in person or by proxy.</p>	<p><del>3. If the Company requests a notary public to prepare the minutes of the meeting, the notary public shall ask the shareholders and make clear in the minutes whether there are reservations or objections regarding the statements of the chair of the General Shareholders' Meeting in connection with the number of shareholders in attendance and the share capital present in person or by proxy.</del></p>
<p><b>Article 27. Deliberations and Voting</b></p>	<p><b>Article <del>27.</del><u>26.</u> Deliberations and Voting</b></p>

<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting such that deliberations are carried out pursuant to the agenda; accept or reject new proposals relating to matters on the agenda; organise and direct the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting; reject proposals made by shareholders during their presentations that are inappropriate; indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and the Company's Corporate Governance System; approve the polling and vote counting system; proclaim the results thereof; temporarily suspend the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.</p>	<p>1. The chair of the General Shareholders' Meeting shall: direct the meeting <del>such that deliberations are carried out pursuant to the agenda;</del> accept <del>or reject</del> new <del>proposals</del><u>proposed resolutions</u> relating to matters on the agenda; organise <del>and direct</del> the deliberations, granting the floor to shareholders who so request it and taking the floor away or refusing to grant it when the chair deems that a particular matter has been sufficiently debated, is not included in the agenda, or hinders the progress of the meeting; <del>reject proposals made by shareholders during their presentations that are inappropriate;</del> indicate the time and establish, pursuant to the <i>Regulations for the General Shareholders' Meeting</i>, the system or procedure for voting; decide on the suspension or limitation of political rights, especially the voting rights attaching to shares pursuant to law and <del>the Company's Corporate Governance System</del><u>these By-Laws</u>; approve the polling and vote counting system; proclaim the <u>voting</u> results <del>thereof</del>; temporarily suspend <u>or propose an extension of</u> the General Shareholders' Meeting; close the meeting; and, in general, exercise all powers, including those of order and discipline, that are required to properly hold the proceedings.</p>
<p>2. The chair of the General Shareholders' Meeting may entrust the management of the debate to a director the chair deems appropriate or to the secretary for the General Shareholders' Meeting, who shall</p>	<p>2. The chair of the General Shareholders' Meeting may entrust the management of the <del>debate</del><u>meeting</u> to a director the chair deems appropriate, or to the secretary for the General</p>

<p>carry out these duties on behalf of the chair, with the chair having the right to retake them at any time. In the event of temporary absence or supervening disability of the chair or of the secretary for the General Shareholders' Meeting, the appropriate persons under sections 1 and 2 of article 25, respectively, shall assume the duties thereof.</p>	<p>Shareholders' Meeting, who shall carry out <del>these duties</del><u>this duty</u> on behalf of the chair, with the chair having the right to retake <del>them</del><u>it</u> at any time. In the event of temporary absence or supervening <del>disability</del><u>incapacity</u> of the chair <del>or</del> of <u>or</u> the secretary for the General Shareholders' Meeting, the appropriate persons under sections <del>+2</del> and <del>23</del> of article <del>25,24,</del> respectively, shall assume the duties thereof.</p>
<p>3. Resolutions shall be voted by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>	<p>3. <del>Resolutions</del><u>Proposed resolutions</u> shall be voted <u>upon</u> by the shareholders at the General Shareholders' Meeting pursuant to the provisions of the following articles and the <i>Regulations for the General Shareholders' Meeting</i>.</p>
<p><b>Article 28. Absentee Voting. Process of Proxy-Granting and Absentee Voting</b></p>	<p><b>Article <del>28.27.</del> Absentee Voting. <del>Process of Proxy-Granting and Absentee Voting</del></b></p>
	<p><u>1.</u> <u>Shareholders may cast their absentee vote on proposed resolutions relating to the items on the agenda of the call to meeting by complying with the requirements of law and the Corporate Governance System.</u></p>
<p>1. Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person voting and the security of the electronic communications are assured. In all such cases, they shall be deemed</p>	<p><u>2.</u> <del>1. Shareholders may cast their vote regarding proposals relating to the items included in the agenda of the call to meeting by means of postal or electronic correspondence or any other means of long-distance communication, provided that the identity of the person voting and the security of the electronic communications are assured. In all such cases, they</del><u>Shareholders that</u></p>

<p>present for purposes of the establishment of a quorum at the General Shareholders' Meeting.</p>	<p><u>have cast their absentee vote</u> shall be deemed present for purposes of the establishment of a quorum <del>at</del><u>for</u> the General Shareholders' Meeting.</p>
<p>2. In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card, duly executed and signed, a validation certificate, or any other document or instrument verifying the absentee vote accepted by the Company.</p>	<p><del>2. In order to vote by postal correspondence, shareholders must send to the Company the attendance, proxy, and absentee voting card, duly executed and signed, a validation certificate, or any other document or instrument verifying the absentee vote accepted by the Company.</del></p>
<p>3. Votes by electronic correspondence shall be cast using a recognised electronic signature or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.</p>	<p><del>3. Votes by electronic correspondence shall be cast using a recognised electronic signature or other type of guarantee that the Board of Directors deems best ensures the authenticity and identification of the voting shareholder.</del></p>
<p>4. Votes cast by any of the means set forth in the preceding sections must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.</p>	<p><u>3.</u> <del>4. Votes cast by any of the means set forth in the preceding sections</del><u>Absentee votes</u> must be received by the Company before 24:00 on the day immediately prior to the day set for the holding of the General Shareholders' Meeting upon first call or upon second call, as applicable.</p>
<p>5. The Board of Directors is authorised to develop the rules, means, and procedures for proxy-granting and absentee voting, including applicable rules on priority and conflict.</p>	<p><u>4.</u> <del>5.</del>The Board of Directors is authorised to develop the rules, means, and procedures for <del>proxy-granting and</del> absentee voting, including applicable rules on priority and conflict.</p>
<p>Specifically, the Board of Directors may establish rules for the use of guarantees other than electronic signatures for casting electronic votes pursuant to the provisions of section 3 above; reduce the advance</p>	<p><del>Specifically, the Board of Directors may establish rules for the use of guarantees other than electronic signatures for casting electronic votes pursuant to the provisions of section 3 above; reduce the</del></p>

<p>period set forth in section 4 above for receipt by the Company of absentee votes; and allow and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept any absentee votes received after such period, to the extent allowed by the means available.</p>	<p>advance period set forth in section <u>43</u> above for receipt by the Company of absentee votes; and <u>allow</u><del>accept</del>, and authorise the chair of and the secretary for the General Shareholders' Meeting and the persons acting by delegation therefrom to accept<sub>2</sub> any absentee votes received after such period, to the extent <u>allowed</u><del>permitted</del> by the means available.</p>
<p>The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity of proxies and absentee votes in accordance with the provisions of the Company's Corporate Governance System and in the rules that the Board of Directors may establish in order to further develop such provisions.</p>	<p><del>The chairman and the secretary of the Board of Directors or the</del> chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation <del>therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives; check the legitimacy of the exercise of the rights of attendance, proxy-granting, and voting by the shareholders and their representatives; check and accept the validity of proxies</del> <u>and from either of them, shall be responsible for verifying and recognising the validity of the</u> absentee votes <u>cast</u> in accordance with the provisions <del>of</del> <u>set forth in</u> the <del>Company's</del> Corporate Governance System and <del>in the rules that</del> <u>established by</u> the Board of Directors <del>may establish in order to further develop such provisions.</del></p>
<p>6. An absentee vote shall be revoked either by physical attendance of the shareholder at the General Shareholders' Meeting or by express revocation thereof by the same means used to cast such vote, or if the shareholder validly grants a proxy after the date of casting the absentee vote.</p>	<p><del>6. An absentee vote shall be revoked either by physical attendance of the shareholder at the General Shareholders' Meeting or by express revocation thereof by the same means used to cast such vote, or if the shareholder validly grants a proxy after the date of casting the absentee vote</del> <u>in implementation thereof.</u></p>

<p>7. Remote attendance at the General Shareholders' Meeting by means of data transmission and simultaneously and absentee electronic voting during the course of the General Shareholders' Meeting may be admitted if it is so established in the <i>Regulations for the General Shareholders' Meeting</i>, subject to the requirements set forth therein.</p>	<p><u>5.</u> <del>7.</del> Remote attendance at the General Shareholders' Meeting by means of data transmission and simultaneously and absentee electronic voting during the course of the General Shareholders' Meeting may be admitted if it is so established in the <i>Regulations for the General Shareholders' Meeting</i>, subject to the requirements set forth therein.</p>
	<p><b><u>Article 28. Conflicts of Interest</u></b></p>
	<p><u>1.</u> <u>A shareholder may not exercise the shareholder's right to vote at a General Shareholders' Meeting, either in person or by proxy, with respect to the adoption of a resolution to:</u></p>
	<p>a) <u>Relieve the shareholder of an obligation or grant the shareholder a right.</u></p>
	<p>b) <u>Provide the shareholder with any kind of financial assistance, including the provision of guarantees in favour thereof.</u></p>
	<p>c) <u>Release the shareholder, if a director, from obligations arising from the duty of loyalty established in accordance with the provisions of law.</u></p>
	<p><u>2.</u> <u>The provisions of the preceding section shall also apply when the resolutions affect, in the case of an individual shareholder, the entities or companies controlled thereby, and in the case of corporate shareholders, the entities or</u></p>

	<u>companies belonging to their group (in the sense indicated in article 29.3 below), even if these latter companies or entities are not shareholders.</u>
	<u>3. If the shareholder subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.</u>
<b>Article 29. Approval of Resolutions</b>	<b>Article 29. Approval of Resolutions</b>
1. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the favourable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. The foregoing does not apply to situations in which the law or these <i>By-Laws</i> require a greater majority. Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.	<u>1. <del>1. The</del> Except in cases in which the law or these <i>By-Laws</i> require a greater majority, the shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the favourable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. The foregoing does not apply to situations in which the law or these <i>By-Laws</i> require a greater majority</u> by simple majority of the shareholders present in person or by proxy, with a resolution being deemed adopted when it receives more votes in favour than against. Each voting share that is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.
2. The right to vote may not be assigned, even through the grant of a proxy, in exchange for any kind of consideration or material benefit.	<del>2. The right to vote may not be assigned, even through the grant of a proxy, in exchange for any kind of consideration or material benefit.</del>

<p>3. No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.</p>	<p><u>2.</u> <del>3.</del> No shareholder may cast a number of votes greater than those corresponding to shares representing ten (10%) per cent of share capital, even if the number of shares held exceeds such percentage of the share capital. This limitation does not affect votes corresponding to shares with respect to which a shareholder is holding a proxy as a result of the provisions of article 23 above, provided, however, that with respect to the number of votes corresponding to the shares of each shareholder represented by proxy, the limitation set forth above shall apply.</p>
<p>4. The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.</p>	<p><u>3.</u> <del>4.</del> The limitation set forth in the preceding section shall also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholders that are entities or companies belonging to the same group. Such limitation shall also apply to the number of votes that may be cast collectively or individually by an individual and the shareholder entity, entities, or companies controlled by such individual. A group shall be deemed to exist under the circumstances provided by law, and also when a person controls one or more entities or companies.</p>
<p>5. Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed for the approval of</p>	<p><u>4.</u> <del>5.</del> Shares deprived of voting rights pursuant to the application of the preceding sections shall be deducted from the shares in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majorities needed</p>

<p>resolutions submitted to the shareholders shall be calculated.</p>	<p>for the approval of resolutions <del>submitted to</del><u>by</u> the shareholders <u>at a General Shareholders' Meeting</u> shall be calculated.</p>
<p><b>Article 30. Conflicts of Interest</b></p>	<p><del><b>Article 30. Conflicts of Interest</b></del></p>
<p>1. Shareholders affected by a conflict of interest, and particularly those participating in a merger or split-off with the Company, or who are called to subscribe for an increase in capital with the exclusion of pre-emptive rights or to acquire by overall assignment all of the Company's assets, or who are affected by resolutions pursuant to which the Company grants them a right, relieves them of an obligation, excuses them, if a director, from the prohibition against competition, or who approve a transaction in which they are interested, and, in general, merely formal and apparent shareholders who lack an actual and effective interest and do not act in a fully transparent manner vis-à-vis the Company, may not exercise their voting rights at the General Shareholders' Meeting, either directly or by proxy, with respect to the matters or proposed resolutions with respect to which the conflict refers.</p>	<p><del>1. Shareholders affected by a conflict of interest, and particularly those participating in a merger or split-off with the Company, or who are called to subscribe for an increase in capital with the exclusion of pre-emptive rights or to acquire by overall assignment all of the Company's assets, or who are affected by resolutions pursuant to which the Company grants them a right, relieves them of an obligation, excuses them, if a director, from the prohibition against competition, or who approve a transaction in which they are interested, and, in general, merely formal and apparent shareholders who lack an actual and effective interest and do not act in a fully transparent manner vis-à-vis the Company, may not exercise their voting rights at the General Shareholders' Meeting, either directly or by proxy, with respect to the matters or proposed resolutions with respect to which the conflict refers.</del></p>
<p>2. The provisions of the preceding section shall also apply when the resolutions affect (i) in the case of an individual shareholder, the entities or companies controlled by such individual, and (ii) in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated in</p>	<p><del>2. The provisions of the preceding section shall also apply when the resolutions affect (i) in the case of an individual shareholder, the entities or companies controlled by such individual, and (ii) in the case of corporate shareholders, the entities or companies belonging to their group (in the sense indicated</del></p>

article 29.4 above), even when these latter companies or entities are not shareholders.	<del>in article 29.4 above), even when these latter companies or entities are not shareholders.</del>
3. If the party subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.	<del>3. If the party subject to any of the voting prohibitions above attends the General Shareholders' Meeting, such shareholder's shares shall be deducted from those in attendance at the General Shareholders' Meeting for purposes of determining the number of shares upon which the majority needed for the adoption of the relevant resolutions shall be calculated.</del>
<b>Article 31. Documentation of Resolutions</b>	<del><b>Article 31. Documentation of Resolutions</b></del>
1. The documentation of shareholder resolutions, the conversion thereof into a public instrument, and the registration thereof with the Commercial Registry shall be carried out pursuant to the provisions of law.	<del>1. The documentation of shareholder resolutions, the conversion thereof into a public instrument, and the registration thereof with the Commercial Registry shall be carried out pursuant to the provisions of law.</del>
2. The total or partial certificates needed to evidence shareholder resolutions shall be issued and signed by the secretary of the Board of Directors, or by one of the deputy secretaries, if any, with the approval of the chairman of the Board of Directors or, if applicable, of one of the vice-chairs thereof.	<del>2. The total or partial certificates needed to evidence shareholder resolutions shall be issued and signed by the secretary of the Board of Directors, or by one of the deputy secretaries, if any, with the approval of the chairman of the Board of Directors or, if applicable, of one of the vice-chairs thereof.</del>
	<u><b>TITLE III. MANAGEMENT OF THE COMPANY</b></u>
<b>Chapter II. Management of the Company</b>	<del><b>Chapter II. Management of the Company</b></del> <b>Section 1.</b>
<b>Section 1. General Provisions</b>	<u><b>I. General Provisions</b></u>
<b>Article 32. Structure of the Company's</b>	<del><b>Article 32. Structure</b></del> <u><b>30. Management</b></u>

<b>Management</b>	<b><u>and Representation</u> of the Company's Management</b>
1. Management of the Company is vested in a Board of Directors, its chairman, an executive committee called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ) and, if so resolved by the Board of Directors, a chief executive officer ( <i>consejero delegado</i> ).	1. <del>Management of the</del> <u>The</u> Company is vested <del>in a</del> <u>managed and represented by the</u> Board of Directors, its chairman, <u>and, if applicable and if so approved by the Board of Directors, by</u> an executive committee called the Executive Committee ( <i>Comisión Ejecutiva Delegada</i> ) and, <u>also</u> if so <del>resolved</del> <u>decided</u> by the Board of Directors, <del>by one or more</del> chief executive <del>officer</del> <del>(consejero delegado)</del> . <u>officers (consejeros delegados)</u> .
2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> , and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.	2. Each of these bodies shall have the powers set forth in these <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> , and other applicable provisions of the Corporate Governance System, without prejudice to the provisions of law.
<b>Section 2. The Board of Directors</b>	<b><del>Section 2.</del><u>Chapter II.</u> The Board of Directors.</b>
<b>Article 33. Regulation of the Board of Directors</b>	<b>Article <del>33.</del><u>31.</u> Regulation of the Board of Directors</b>
The Board of Directors shall be governed by the provisions set forth in the law, the <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> , and other applicable provisions of the Company's Corporate Governance System.	The Board of Directors shall be governed by the provisions set forth in the law, <del>the</del> <u>these</u> <i>By-Laws</i> , the <i>Regulations of the Board of Directors</i> , and <u>the</u> other applicable provisions of the <del>Company's</del> Corporate Governance System.
<b>Article 34. Powers of the Board of Directors</b>	<b>Article <del>34.</del><u>32.</u> Powers of the Board of Directors</b>
1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or these <i>By-Laws</i> to the shareholders	<u>1.</u> The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or <del>these</del> <del><i>By-Laws</i></del> <u>the</u>

<p>acting at a General Shareholders' Meeting.</p>	<p><u>Corporate Governance System</u> to the shareholders acting at a General Shareholders' Meeting.</p>
<p>2. Although the Board of Directors has the broadest powers and authority to manage, direct, administer, and represent the Company, as a general rule of good governance, and pursuant to the Company's Corporate Governance System, the Board of Directors shall focus its activities on the supervision and monitoring of the general strategies and guidelines to be followed by the Company and the group of which the Company is the controlling entity, within the meaning established by law (the "Group"), entrusting to the representative management decision-making bodies and to the senior officers the day-to-day management and direction as well as the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.</p>	<p><u>2.</u> Although the Board of Directors has the broadest powers and authority to manage, <del>direct, administer,</del> and represent the Company, as a general rule of good governance, <del>and pursuant to the Company's Corporate Governance System,</del> the Board of Directors shall focus its activities, <u>pursuant to the Corporate Governance System,</u> on the <u>definition and</u> <del>supervision and monitoring</del> of the general <del>strategies and</del> guidelines to be followed by the Company and the <del>group of which the Company is the controlling entity, within the meaning established by law (the "Group"), entrusting to the representative management decision-making bodies and to the senior officers the day-to-day management and direction as well as the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.</del> <u>Group, attending to the following matters, among others:</u></p>
	<p>a) <u>Establish, within legal limits, the policies, strategies, and guidelines of the Group, entrusting to the decision-making bodies and the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the</u></p>

	<u>businesses thereof.</u>
	b) <u>Supervise the general development of the aforementioned policies, strategies, and guidelines by the country subholding companies and by the business subholding companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging thereto.</u>
	c) <u>Decide on matters of strategic importance at the Group level.</u>
	<u>3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers, and to the senior officers the dissemination, coordination, and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.</u>
3. The Board of Directors shall design, evaluate, and review the Company's Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the <i>Corporate Policies</i> , which further	<u>4.</u> <del>3.</del> The Board of Directors shall design, evaluate, and review the <del>Company's</del> Corporate Governance System on an ongoing basis. It shall pay special attention to the approval of the <i>Corporate</i>

<p>develop the principles reflected in the <i>By-Laws</i> and other documents of the Company's Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders. The <i>Corporate Policies</i> shall group together those relating to corporate governance and regulatory compliance, risks, and social responsibility.</p>	<p><i>Policies</i>, which further develop the principles reflected in <del>the</del><u>these</u> <i>By-Laws</i> and <u>in the</u> other <del>documents</del><u>provisions</u> of the <del>Company's</del> Corporate Governance System and codify the guidelines that should govern the activities of the Company and its shareholders: <del>The <i>Corporate Policies</i> shall group together those relating to corporate governance and regulatory compliance, risks, and social responsibility</del> <u>and the activities of the Group.</u></p>
<p>4. The Board of Directors, within its powers regarding the general duty of supervision, organisation, and strategic coordination of the Group, shall occupy itself with the following matters, among others:</p>	<p><del>4. The Board of Directors, within its powers regarding the general duty of supervision, organisation, and strategic coordination of the Group, shall occupy itself with the following matters, among others:</del></p>
<p>a) Determine and coordinate, within legal limits, the general strategies and guidelines for management of the Group, entrusting to the management decision-making bodies and to the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the business subgroups thereof.</p>	<p><del>a) Determine and coordinate, within legal limits, the general strategies and guidelines for management of the Group, entrusting to the management decision-making bodies and to the management of the business subholding companies of the Group the duties of day-to-day administration and effective management of each of the business subgroups thereof.</del></p>
<p>b) Supervise the general development of the Group's management strategies and guidelines by the business subholding companies thereof, establishing appropriate mechanisms for the exchange of information in the interest of the Company and of the companies included within the Group.</p>	<p><del>b) Supervise the general development of the Group's management strategies and guidelines by the business subholding companies thereof, establishing appropriate mechanisms for the exchange of information in the interest of the Company and of the companies included within the Group.</del></p>
<p>c) Decide on matters of strategic</p>	<p><del>c) Decide on matters of strategic</del></p>

importance at the Group level.	<del>importance at the Group level.</del>
d) Ensure the effective separation within the Group of the regulated activities carried out by the various companies thereof upon the terms required by applicable legal provisions in the markets and regions in which they operate.	<del>d) Ensure the effective separation within the Group of the regulated activities carried out by the various companies thereof upon the terms required by applicable legal provisions in the markets and regions in which they operate.</del>
e) Regulate, analyse, and decide upon possible conflicts of interest, significant transactions, and related-party transactions among the companies of the Group and, in particular, regarding those that affect listed subsidiaries.	<del>e) Regulate, analyse, and decide upon possible conflicts of interest, significant transactions, and related-party transactions among the companies of the Group and, in particular, regarding those that affect listed subsidiaries.</del>
f) Approve the creation or acquisition of equity interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the Group.	<del>f) Approve the creation or acquisition of equity interests in special purpose entities or entities registered in countries or territories that are considered to be tax havens, as well as any other transactions of a similar nature that, due to their complexity, might diminish the transparency of the Group.</del>
5. In particular, the Board of Directors, acting upon its own initiative or at the proposal of the corresponding internal decision-making body, shall occupy itself with the matters set forth below (as an example only):	<del>5. In particular, the Board of Directors, acting upon its own initiative or at the proposal of the corresponding internal decision-making body, shall occupy itself with the matters set forth below (as an example only):</del>
A. With respect to the General Shareholders' Meeting:	<del>A. With respect to the General Shareholders' Meeting:</del>
a) Call the General Shareholders' Meeting.	<del>a) Call the General Shareholders' Meeting.</del>

b) Propose the amendment of the <i>By-Laws</i> to the shareholders at a General Shareholders' Meeting.	<del>b) Propose the amendment of the <i>By-Laws</i> to the shareholders at a General Shareholders' Meeting.</del>
c) Propose to the shareholders at a General Shareholders' Meeting the amendment of the <i>Regulations for the General Shareholders' Meeting</i> .	<del>c) Propose to the shareholders at a General Shareholders' Meeting the amendment of the <i>Regulations for the General Shareholders' Meeting</i>.</del>
d) Submit to a decision by the shareholders at a General Shareholders' Meeting the transformation of the Company into a holding company, through "subsidiarisation" or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities.	<del>d) Submit to a decision by the shareholders at a General Shareholders' Meeting the transformation of the Company into a holding company, through "subsidiarisation" or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities.</del>
e) Submit to a decision by the shareholders at a General Shareholders' Meeting all transactions for the acquisition or disposition of essential operating assets when they involve an effective change in the object of the company.	<del>e) Submit to a decision by the shareholders at a General Shareholders' Meeting all transactions for the acquisition or disposition of essential operating assets when they involve an effective change in the object of the company.</del>
f) Propose to the shareholders at a General Shareholders' Meeting the approval of transactions having an effect equivalent to liquidation of the Company.	<del>f) Propose to the shareholders at a General Shareholders' Meeting the approval of transactions having an effect equivalent to liquidation of the Company.</del>
g) Carry out the resolutions approved by the shareholders at a General Shareholders' Meeting and perform any duties that the shareholders have entrusted thereto.	<del>g) Carry out the resolutions approved by the shareholders at a General Shareholders' Meeting and perform any duties that the shareholders have entrusted thereto.</del>

B. With respect to the organisation of the Board of Directors and the delegation of powers and the granting of powers of representation:	<del>B. With respect to the organisation of the Board of Directors and the delegation of powers and the granting of powers of representation:</del>
a) Approve and amend the <i>Regulations of the Board of Directors</i> .	<del>a) Approve and amend the <i>Regulations of the Board of Directors</i>.</del>
b) Define the structure of general powers to be granted by the Board of Directors or by the representative management decision-making bodies.	<del>b) Define the structure of general powers to be granted by the Board of Directors or by the representative management decision-making bodies.</del>
C. With respect to information to be provided by the Company:	<del>C. With respect to information to be provided by the Company:</del>
a) Manage the provision of information regarding the Company to the shareholders and the markets in general, pursuant to standards of equal treatment, transparency, and truthfulness.	<del>a) Manage the provision of information regarding the Company to the shareholders and the markets in general, pursuant to standards of equal treatment, transparency, and truthfulness.</del>
b) Prepare the Company's annual accounts, management report, and proposal for the allocation of profits or losses, as well as the consolidated accounts and management report and the financial information that the Company must periodically make public due to its status as listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial position, and the profits or losses of the Company in accordance with the provisions of law.	<del>b) Prepare the Company's annual accounts, management report, and proposal for the allocation of profits or losses, as well as the consolidated accounts and management report and the financial information that the Company must periodically make public due to its status as listed company, ensuring that such documents provide a true and fair view of the assets and liabilities, the financial position, and the profits or losses of the Company in accordance with the provisions of law.</del>
c) Approve the Company's Annual Corporate Governance Report, as	<del>c) Approve the Company's Annual Corporate Governance Report, as</del>

<p>well as the Annual Sustainability Report, the annual director remuneration report, and any other report that the Board of Directors deems advisable in order to better inform shareholders and investors or that is required by legal provisions applicable at any time.</p>	<p><del>well as the Annual Sustainability Report, the annual director remuneration report, and any other report that the Board of Directors deems advisable in order to better inform shareholders and investors or that is required by legal provisions applicable at any time.</del></p>
<p>D. With respect to the directors and senior officers:</p>	<p><del>D. With respect to the directors and senior officers:</del></p>
<p>a) Designate directors to fill vacancies by interim appointment and propose to the shareholders at a General Shareholders' Meeting the appointment, ratification, re-election, or removal of directors.</p>	<p><del>a) Designate directors to fill vacancies by interim appointment and propose to the shareholders at a General Shareholders' Meeting the appointment, ratification, re-election, or removal of directors.</del></p>
<p>b) Designate and renew internal positions within the Board of Directors and the members of and positions on the committees established within the Board of Directors.</p>	<p><del>b) Designate and renew internal positions within the Board of Directors and the members of and positions on the committees established within the Board of Directors.</del></p>
<p>c) Set, pursuant to the <i>By-Laws</i> and within the limits established therein, the <i>Director Remuneration Policy</i> and the remuneration of directors. In the case of executive directors, the Board of Directors shall establish the additional remuneration to which they are entitled for their executive duties and other basic terms that their contracts must include.</p>	<p><del>c) Set, pursuant to the <i>By-Laws</i> and within the limits established therein, the <i>Director Remuneration Policy</i> and the remuneration of directors. In the case of executive directors, the Board of Directors shall establish the additional remuneration to which they are entitled for their executive duties and other basic terms that their contracts must include.</del></p>
<p>d) Approve, upon a proposal of the chairman of the Board of Directors or of the chief executive officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior officers of the Company, as</p>	<p><del>d) Approve, upon a proposal of the chairman of the Board of Directors or of the chief executive officer, the determination and modification of the Company's organisational chart, the appointment and removal of senior officers of the Company,</del></p>

well as set the compensation or indemnification, if any, payable to them in the event of removal.	<del>as well as set the compensation or indemnification, if any, payable to them in the event of removal.</del>
As an exception to the foregoing, based on a proposal made for such purpose by the chairman of the Board of Directors, the Audit and Risk Supervision Committee shall, if applicable, submit to the Board of Directors a proposal supported by the corresponding report regarding the selection, appointment, or removal of the director of the Internal Audit Area.	<del>As an exception to the foregoing, based on a proposal made for such purpose by the chairman of the Board of Directors, the Audit and Risk Supervision Committee shall, if applicable, submit to the Board of Directors a proposal supported by the corresponding report regarding the selection, appointment, or removal of the director of the Internal Audit Area.</del>
Senior officers shall be those who report directly to the Board of Directors, to the chairman thereof, or to the chief executive officer of the Company, and shall in any case include the director of the Internal Audit Area and any other officer given such status by the Board of Directors.	<del>Senior officers shall be those who report directly to the Board of Directors, to the chairman thereof, or to the chief executive officer of the Company, and shall in any case include the director of the Internal Audit Area and any other officer given such status by the Board of Directors.</del>
e) Approve the <i>Senior Officer Remuneration Policy</i> as well as the basic terms of the contracts with senior officers, based for such purpose on a proposal made by the chairman of the Board of Directors or the chief executive officer to the Appointments and Remuneration Committee in order for the latter to prepare a report thereon and submit it to the Board of Directors.	<del>e) Approve the <i>Senior Officer Remuneration Policy</i> as well as the basic terms of the contracts with senior officers, based for such purpose on a proposal made by the chairman of the Board of Directors or the chief executive officer to the Appointments and Remuneration Committee in order for the latter to prepare a report thereon and submit it to the Board of Directors.</del>
f) Regulate, review, and decide upon possible conflicts of interest and related-party transactions between the Company and its directors and senior officers as well as with persons related thereto.	<del>f) Regulate, review, and decide upon possible conflicts of interest and related-party transactions between the Company and its directors and senior officers as well as with persons related thereto.</del>
E. Other powers:	<del>E. Other powers:</del>
a) Prepare the shareholder	<del>a) Prepare the shareholder</del>

remuneration policy and submit the corresponding proposed resolutions on the allocation of profits or losses and other modes of shareholder remuneration to the shareholders at the General Shareholders' Meeting, as well as decide upon the payment, if any, of interim dividends.	<del>remuneration policy and submit the corresponding proposed resolutions on the allocation of profits or losses and other modes of shareholder remuneration to the shareholders at the General Shareholders' Meeting, as well as decide upon the payment, if any, of interim dividends.</del>
b) Take note of mergers, split-offs, concentrations, or overall assignments of assets and liabilities that affect any of the significant companies of the Group.	<del>b) Take note of mergers, split-offs, concentrations, or overall assignments of assets and liabilities that affect any of the significant companies of the Group.</del>
c) Declare its position regarding all takeover bids for the Company's securities.	<del>c) Declare its position regarding all takeover bids for the Company's securities.</del>
d) Decide on proposals submitted thereto by the Executive Committee, the chairman of the Board of Directors, the chief executive officer, the lead independent director ( <i>consejero independiente especialmente facultado</i> ), and the committees of the Board of Directors.	<del>d) Decide on proposals submitted thereto by the Executive Committee, the chairman of the Board of Directors, the chief executive officer, the lead independent director (<i>consejero independiente especialmente facultado</i>), and the committees of the Board of Directors.</del>
e) Make decisions regarding any other matter within its power that the Board of Directors believes to be in the interest of the Company or that the <i>Regulations of the Board of Directors</i> reserve to the Board as a whole.	<del>e) Make decisions regarding any other matter within its power that the Board of Directors believes to be in the interest of the Company or that the <i>Regulations of the Board of Directors</i> reserve to the Board as a whole.</del>
<b>Article 35. Representation of the Company</b>	<del><b>Article 35. Representation of the Company</b></del>
1. Representation of the Company shall be the purview of the Board of Directors, its chairman, the Executive Committee and, if any and if approved by the Board of	<del>1. Representation of the Company shall be the purview of the Board of Directors, its chairman, the Executive Committee and, if any and if approved by the Board of</del>

Directors, a chief executive officer.	<del>Directors, a chief executive officer.</del>
2. The Board of Directors and the Executive Committee shall act collectively in the exercise of their powers. The chairman and the chief executive officer shall act in their individual capacity.	<del>2. The Board of Directors and the Executive Committee shall act collectively in the exercise of their powers. The chairman and the chief executive officer shall act in their individual capacity.</del>
3. The resolutions of the Board of Directors or the Executive Committee shall be carried out by its chairman, by its secretary, by a director, or by any third party designated in the resolution, acting jointly or individually.	<del>3. The resolutions of the Board of Directors or the Executive Committee shall be carried out by its chairman, by its secretary, by a director, or by any third party designated in the resolution, acting jointly or individually.</del>
<b>Article 36. Composition of the Board of Directors and Appointment of Directors</b>	<b>Article <del>36.</del>33. Composition of the Board of Directors and Appointment of Directors</b>
	<u>1.</u> <u>The Board of Directors shall be composed of a minimum of nine and a maximum of fourteen directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Corporate Governance System.</u>
1. The Board of Directors shall be composed of a minimum of nine (9) and a maximum of fourteen (14) directors, who shall be appointed or ratified at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Company's Corporate Governance System. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders may	<u>2.</u> <del>1. The Board of Directors shall be composed of a minimum of nine (9) and a maximum of fourteen (14) directors, who shall be appointed or ratified at a General Shareholders' Meeting, subject to the provisions of law and the requirements established by the Company's Corporate Governance System.</del> The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders

<p>establish such number either by express resolution or indirectly, through the filling or non-filling of vacancies or the appointment or non-appointment of new directors within the minimum and maximum numbers mentioned above. The foregoing shall be deemed to be without prejudice to the system of proportional representation to which the shareholders are entitled under the provisions of law.</p>	<p>may establish such number either by express resolution or indirectly, through the filling <del>or non-filling</del> of vacancies or the appointment <del>or non-appointment</del> of new directors within the <u>aforesaid</u> minimum and maximum numbers <del>mentioned above. The foregoing shall be deemed to be without prejudice to the system of proportional representation to which the shareholders are entitled under the provisions of law.</del></p>
<p>2. The following may not be appointed as directors or individual representatives of a corporate director:</p>	<p><u>3.</u> <del>2.</del> The following may not be appointed as directors or <del>individual representatives</del> <u>of as individuals representing</u> a corporate director:</p>
<p>a) Domestic or foreign companies competing with the Company in the energy or other industries, or the directors or senior officers thereof, or the persons, if any, who are proposed by such companies in their capacity as shareholders.</p>	<p>a) Domestic or foreign companies competing with the Company in the energy <u>industry</u> or other industries, or the directors or senior officers thereof, or <del>the</del><u>such</u> persons, if any, <del>who</del><u>as</u> are proposed by <del>such companies</del><u>them</u> in their capacity as shareholders.</p>
<p>b) Individuals or legal entities holding the position of director in more than three (3) companies with shares trading on domestic or foreign stock exchanges.</p>	<p>b) Individuals or legal entities <del>holding the position of director</del><u>serving as directors</u> in more than three <del>(3)</del> companies with shares trading on domestic or foreign stock exchanges.</p>
<p>c) Persons who, during the two (2) years prior to their appointment, have occupied high-level positions in the government which are incompatible with the simultaneous performance of the duties of a director of a listed company under national or</p>	<p>c) Persons who, during the two <del>(2)</del> years prior to their appointment, have occupied high-level positions in <del>the</del><u>Spanish</u> government <del>which</del><u>administrations that</u> are incompatible with the simultaneous performance of</p>

<p>autonomous community legislation, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which the Company or the Group operates.</p>	<p>the duties of a director of a listed company under <u>Spanish national or autonomous community legislation</u><del>law</del>, or positions of responsibility with entities regulating the energy industry, the securities markets, or other industries in which <del>the Company or</del> the Group operates.</p>
<p>d) Individuals or legal entities under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.</p>	<p>d) Individuals or legal entities <u>that are</u> under any other circumstance of incompatibility or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or the Group.</p>
<p>3. The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the Company's Corporate Governance System.</p>	<p><u>4.</u> <del>3.</del> —The appointment, ratification, re-election, and removal of directors must comply with the provisions of law and the <del>Company's</del> Corporate Governance System. <u>Resolutions proposed to the shareholders at a General Shareholders' Meeting regarding the appointment, ratification, and re-election of directors must be accompanied by a report providing the rationale for the proposal.</u></p>
<p><b>Article 37. Types of Directors</b></p>	<p><b>Article <del>37.</del><u>34.</u> Types of Directors</b></p>
<p>1. The following shall be deemed:</p>	<p><del>1. The following shall be deemed:</del></p>
<p>a) Executive directors: those directors who perform senior management duties or are employees of the Company or its Group.</p>	<p><u>1.</u> <del>a) —Executive —directors: those</del><u>Those</u> directors who perform <del>senior—management duties or are employees of</del><u>within</u> the Company or its Group, <u>whatever the legal relationship they maintain, shall be deemed executive directors.</u></p>

	<p><u>2.</u> <u>All other directors of the Company, whether proprietary, independent, or other external, shall be deemed non-executive directors:</u></p>
<p>b) External proprietary directors (representing a major shareholder): those directors: (i) who own a shareholding interest that is greater than or equal to that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, although their shareholding interest does not reach such amount; or (ii) whose appointment has been proposed to the Company by shareholders of the type described in (i) above.</p>	<p>a) <del>b) External proprietary</del> <u>Proprietary</u> directors <del>(representing a major shareholder):</del> those directors: <del>(i)</del> <u>(i)</u> who own a shareholding interest that is <u>equal to or</u> greater than <del>or equal to</del> that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, <del>although even if</del> <u>although even if</u> their shareholding interest does not reach such amount; <del>or (ii) whose appointment has been proposed to the Company by,</del> <u>as well as those representing the</u> shareholders <del>of the type</del> described <del>in (i) above.</del> <u>However, if any of such directors at the same time performs management duties within the Company or the Group, such director shall be deemed an executive director.</u></p>
<p>c) External independent directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company, its significant shareholders, or its officers.</p>	<p>b) <del>e) External independent</del> <u>Independent</u> directors: those directors who, having been appointed because of their personal and professional qualities, may carry out their duties without being constrained by relationships with the Company <u>or its Group,</u> its significant shareholders, <del>or its officers,</del> <u>or the other directors.</u> <u>Directors who have been independent directors for a</u></p>

	<u>continuous period of more than twelve years cannot be deemed to be external independent directors.</u>
d) Other external directors: those directors who are not executive directors and also do not fit the description of a proprietary or independent director.	c) <del>d)</del> Other external directors: those <del>directors who are not</del> <u>non-executive directors</u> <del>and</del> <u>also who</u> do not <del>fit the description of</del> <u>have the characteristics to be deemed</u> proprietary or independent <del>director</del> <u>directors</u> .
The <i>Regulations of the Board of Directors</i> may further elaborate upon and develop these concepts.	The <i>Regulations of the Board of Directors</i> may further elaborate upon and develop these concepts <u>within the framework established by law</u> .
2. The Board of Directors shall be composed such that the external directors represent a majority over the executive directors. This instruction, as well as those set forth in these <i>By-Laws</i> and in the <i>Regulations of the Board of Directors</i> regarding the composition of the committees of the Board of Directors, shall be mandatory for the Board of Directors, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders, as applicable.	<u>3.</u> <del>2.</del> The Board of Directors shall <del>be composed such</del> <u>ensure</u> that <del>the external directors represent</del> a majority <del>over the executive</del> <u>of its members are independent</u> directors. This instruction, as well as those set forth in these <i>By-Laws</i> and in the <i>Regulations of the Board of Directors</i> regarding the composition of the committees of the Board of Directors, shall be mandatory for the Board of Directors, which must follow them in the exercise of its powers to propose appointments and re-elections of directors to the shareholders <u>at a General Shareholders' Meeting</u> and to make interim appointments of directors to cover vacancies and in appointing members of the committees of the Board of Directors, and merely constitute guidance for the shareholders, <del>as applicable</del> .
3. A rationale for the status of each	<u>4.</u> <del>3.</del> A rationale for the status

<p>director shall be given by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the <i>Annual Corporate Governance Report</i>, after a report from the Appointments and Remuneration Committee.</p>	<p>of each director shall be given by the Board of Directors to the shareholders at the General Shareholders' Meeting at which the appointment thereof must be made or ratified or the re-election thereof approved, and shall be maintained or, if applicable, modified in the Annual Corporate Governance Report, after a report from the Appointments and Remuneration Committee.</p>
<p><b>Article 38. Designation of Positions</b></p>	<p><del>Article 38. Designation of Positions</del> <u><a href="#">35. Meetings of the Board of Directors</a></u></p>
<p>1. The Board of Directors shall elect from among its members, after a report from the Appointments and Remuneration Committee, a chairman of the Board of Directors and, if it so decides, one or more vice-chairs of the Board of Directors, at the proposal of the chairman of the Board of Directors. The Board of Directors may also appoint one or more honorary presidents of the Company.</p>	<p><del>1. The Board of Directors shall elect from among its members, after a report from the Appointments and Remuneration Committee, a chairman of the Board of Directors and, if it so decides, one or more vice-chairs of the Board of Directors, at the proposal of the chairman of the Board of Directors. The Board of Directors may also appoint one or more honorary presidents of the Company.</del></p>
<p>2. If the chairman of the Board of Directors performs executive duties, the Board of Directors shall, upon a proposal of the Appointments and Remuneration Committee, authorise an independent director to:</p>	<p><del>2. If the chairman of the Board of Directors performs executive duties, the Board of Directors shall, upon a proposal of the Appointments and Remuneration Committee, authorise an independent director to:</del></p>
<p>a) Request the chairman of the Board of Directors to call a meeting thereof when such director deems it appropriate.</p>	<p><del>a) Request the chairman of the Board of Directors to call a meeting thereof when such director deems it appropriate.</del></p>
<p>b) Request the inclusion of matters in the agenda for meetings of the Board of Directors.</p>	<p><del>b) Request the inclusion of matters in the agenda for meetings of the Board of Directors.</del></p>

c) Coordinate and reflect the concerns of the external directors.	<del>e) Coordinate and reflect the concerns of the external directors.</del>
d) Lead the evaluation of the chairman of the Board of Directors.	<del>d) Lead the evaluation of the chairman of the Board of Directors.</del>
3. At the proposal of the chairman of the Board of Directors and after a report from the Appointments and Remuneration Committee, the Board of Directors shall appoint a secretary of the Board of Directors and, if applicable, one or more deputy secretaries, who need not be directors. In the absence of the secretary and deputy secretaries of the Board of Directors, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.	<del>3. At the proposal of the chairman of the Board of Directors and after a report from the Appointments and Remuneration Committee, the Board of Directors shall appoint a secretary of the Board of Directors and, if applicable, one or more deputy secretaries, who need not be directors. In the absence of the secretary and deputy secretaries of the Board of Directors, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.</del>
4. The chairman, vice-chairs, and, if applicable, the secretary and deputy secretaries of the Board of Directors who are re-elected by the shareholders as members of the Board of Directors shall continue to perform the duties they previously carried out within the Board of Directors, without the need for a new election and without prejudice to the Board of Directors' power of revocation with respect to such positions.	<del>4. The chairman, vice-chairs, and, if applicable, the secretary and deputy secretaries of the Board of Directors who are re-elected by the shareholders as members of the Board of Directors shall continue to perform the duties they previously carried out within the Board of Directors, without the need for a new election and without prejudice to the Board of Directors' power of revocation with respect to such positions.</del>
<b>Article 39. Meetings of the Board of Directors</b>	<del><b>Article 39. Meetings of the Board of Directors</b></del>
1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for in the <i>Regulations of the Board</i>	1. The Board of Directors shall meet with the frequency that the chairman of the Board of Directors deems appropriate, and at least the number of times and in the cases provided for <u>in by law and</u> the

<p><i>of Directors.</i> Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in the call to meeting.</p>	<p><i>Regulations of the Board of Directors.</i> Meetings shall take place at the Company's registered office or at the place, in Spain or abroad, indicated in <del>the call to meeting.</del></p>
<p>2. The call to meeting of the Board of Directors shall be carried out by the secretary of the Board of Directors or the person acting in the secretary's stead, with the authorisation of the chairman, by any means that allows for the receipt thereof. Notice of the call shall be given as much in advance as is necessary for the directors to have access thereto no later than the third day prior to the date of the meeting, except in the case of emergency meetings. Any information deemed necessary shall be sent or made available through the directors' website together with the call to meeting, which shall always include the agenda for the meeting, unless the requirement may be dispensed with upon duly justified grounds.</p>	<p><del>2. The call to meeting of the Board of Directors shall be carried out by the secretary of the Board of Directors or the person acting in the secretary's stead, with the authorisation of the chairman, by any means that allows for the receipt thereof. Notice of the call shall be given as much in advance as is necessary for the directors to have access thereto no later than the third day prior to the date of the meeting, except in the case of emergency meetings. Any information deemed necessary shall be sent or made available through the directors' website together with the call to meeting, which shall always include the agenda for the meeting, unless the requirement may be dispensed with upon duly justified grounds. One third of the directors may also call a meeting, establishing the agenda thereof, in order for the meeting to be held at the place where the registered office is located, if a prior petition has been submitted to the chairman of the Board of Directors and he has failed, without well-founded reasons, to call the meeting within one month.</del> <u>be made in accordance with the provisions of law and the Corporate Governance System.</u></p>
<p>One-third of the directors may also call a meeting, establishing the agenda thereof, in order for the meeting to be held at the</p>	

<p>place where the registered office is located, if a prior petition has been submitted to the chairman of the Board of Directors and he has failed, without well-founded reasons, to call the meeting within one month.</p>	
<p>3. Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call if all of the directors present in person or by proxy unanimously agree to hold the meeting and to the items of the agenda to be dealt with.</p>	<p><del>2.</del> <del>3.</del> Without prejudice to the foregoing, the Board of Directors shall be deemed to have validly met without the need for a call <u>to meeting</u> if all of the directors <u>are</u> present in person or by proxy <u>and</u> unanimously agree to hold the meeting and to the items of the agenda to be dealt with—</p>
<p>4. Meetings of the Board of Directors may be held in several places connected by a conference system that permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time. Attendees at any of such places shall be deemed to have attended the same meeting for all purposes relating to the Board of Directors. The meeting shall be deemed to have been held where the largest number of directors are located and, if they are in equal numbers, where the chairman of the Board of Directors or whoever chairs the meeting in the absence thereof is located.</p>	<p><del>4.— Meetings of the Board of Directors may be held in several places connected by a conference system that permits the recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation in discussion and the casting of votes, all in real time. Attendees at any of such places shall be deemed to have attended the same meeting for all purposes relating to the Board of Directors. The meeting shall be deemed to have been held where the largest number of directors are located and, if they are in equal numbers, where the chairman of the Board of Directors or whoever chairs the meeting in the absence thereof is located.—</del></p>
<p>5. Voting by the Board of Directors may occur in writing without a meeting provided that no director objects thereto. In this instance, the directors may deliver to the secretary of the Board of Directors, or to the person acting on behalf of the secretary, their votes and the</p>	<p><del>5.— Voting by the Board of Directors may occur in writing without a meeting provided that no director objects thereto. In this instance, the directors may deliver to the secretary of the Board of Directors, or to the person acting on behalf of the secretary, their votes and the</del></p>

<p>considerations they wish to appear in the minutes, by any means allowing for receipt thereof. Resolutions adopted by this procedure shall be recorded in minutes prepared pursuant to the provisions of law.</p>	<p><del>considerations they wish to appear in the minutes, by any means allowing for receipt thereof. Resolutions adopted by this procedure shall be recorded in minutes prepared pursuant to the provisions of law</del> <u>thereat.</u></p>
<p><b>Article 40. Quorum for the Meeting and Majorities Required to Adopt Resolutions</b></p>	<p><b>Article <del>40.36</del>. Quorum for the Meeting and Majorities Required to Adopt Resolutions</b></p>
<p>1. The adoption of resolutions of the Board of Directors shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.</p>	<p>1. The <u>establishment of a quorum within the Board of Directors and the</u> adoption of resolutions <del>of the Board of Directors</del><u>thereby</u> shall require the attendance at the meeting, in person or by proxy, of a majority of the directors.</p>
<p>2. All of the directors may cast their vote and give their proxy in favour of another director. The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.</p>	<p>2. All of the directors may cast their vote and give their proxy in favour of another director, <u>provided, however, that non-executive directors may only do so in favour of another non-executive director.</u> The proxy granted shall be a special proxy for the Board meeting in question and may be communicated by any means allowing for the receipt thereof.</p>
<p>3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.</p>	<p>3. The chairman of the Board of Directors, as the person responsible for the efficient operation thereof, shall stimulate the debate and active participation of the directors during its meetings, safeguarding their freedom to make decisions and express their opinion.</p>
<p>4. Resolutions shall be adopted by absolute majority of votes cast in person or by proxy at the meeting, except in the case of a permanent</p>	<p>4. <del>Resolutions</del><u>Unless higher majorities are provided for by law or the Corporate Governance System, resolutions</u> shall be adopted by</p>

<p>delegation of powers and the appointment of directors to exercise such powers, which shall require the favourable vote of at least two-thirds (2/3) of the directors. The law or the Company's Corporate Governance System may provide for greater majorities. In the event of a tie, the chairman shall have the tie-breaking vote.</p>	<p>absolute majority of votes cast in person or by proxy at the meeting; <del>except in the case of a permanent delegation of powers and the appointment of directors to exercise such powers, which shall require the favourable vote of at least two-thirds (2/3) of the directors. The law or the Company's Corporate Governance System may provide for greater majorities.</del> In the event of a tie, the chairman <u>of the Board of Directors</u> shall have the tie-breaking vote.</p>
<p>5. The chairman may invite to meetings of the Board of Directors or to the discussion of particular items on the agenda all those persons who might contribute to improving the information provided to the directors.</p>	<p>5. The chairman <del>may invite to meetings</del> of the Board of Directors <del>or to the discussion of particular items on the agenda</del> <u>may invite to meetings</u> all those persons who might contribute to improving the information provided to the directors.</p>
<p><b>Article 41. Formalisation of Resolutions</b></p>	<p><del><b>Article 41. Formalisation of Resolutions</b></del></p>
<p>1. Resolutions shall be recorded in minutes signed by the chairman and the secretary, or by the person acting in their stead.</p>	<p><del>1. Resolutions shall be recorded in minutes signed by the chairman and the secretary, or by the person acting in their stead.</del></p>
<p>2. Total or partial certifications that are required to record the resolutions of the Board of Directors shall be issued and signed by the secretary or, if applicable, by one of the deputy secretaries of the Board of Directors with the approval of the chairman or, if applicable, of one of the vice-chairs.</p>	<p><del>2. Total or partial certifications that are required to record the resolutions of the Board of Directors shall be issued and signed by the secretary or, if applicable, by one of the deputy secretaries of the Board of Directors with the approval of the chairman or, if applicable, of one of the vice-chairs.</del></p>
<p><b>Section 3. Committees and Positions within the Board of Directors</b></p>	<p><del><b>Section 3. Chapter III. Committees and Positions within the Board of Directors</b></del></p>

Article 42. Committees of the Board of Directors	Article <del>42.</del> <u>37.</u> Committees of the Board of Directors
1. The Board of Directors must create and permanently maintain an Executive Committee.	<del>1.—The Board of Directors must create and permanently maintain an Executive Committee.—</del>
2. The Board of Directors must also create an Audit and Risk Supervision Committee, an Appointments and Remuneration Committee, and a Corporate Social Responsibility Committee.	<del>2.—The Board of Directors must also create</del> <u>The Board of Directors must have</u> an Audit and Risk Supervision Committee, <u>and</u> an Appointments and Remuneration Committee, <del>and a Corporate Social Responsibility Committee</del> <u>(or two separate committees, an Appointments Committee and a Remuneration Committee), on a permanent basis.</u>
3. In addition, the Board of Directors may create other committees or commissions of purely internal scope with such powers as are determined by the Board of Directors.	<del>3.—In addition, the Board of Directors may create</del> <u>The Board of Directors may also have an executive committee, called the Executive Committee (Comisión Ejecutiva Delegada), a consultative committee called the Corporate Social Responsibility Committee, and may create any other consultative</u> committees <del>—or commissions of purely internal scope with such</del> <u>the</u> powers <del>as are determined by</del> <u>that</u> the Board of Directors <u>determines, all of a voluntary nature.</u>
4. The committees shall be governed by the provisions of the Company's Corporate Governance System, including, if applicable, specific regulations, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of Directors, particularly	<del>4.—The committees shall be governed by the provisions of the Company's Corporate Governance System, including, if applicable, the specific regulations thereof, when available, which must be approved by the Board of Directors and, by way of supplement and to the extent not incompatible with the nature thereof, by the provisions regarding the operation of the Board of</del>

<p>with respect to the call to meetings, granting of a proxy to another member of the committee in question, establishment of a quorum, meetings without prior notice, proceedings at meetings and rules for adopting resolutions, voting in writing and without a meeting, and approval of the minutes of meetings.</p>	<p><del>Directors, particularly with respect to the call to meetings, granting of a proxy to another member of the committee in question, establishment of a quorum, meetings without prior notice, proceedings at meetings and rules for adopting resolutions, voting in writing and without a meeting, and approval of the minutes of meetings.</del></p>
<p><b>Article 43. Executive Committee</b></p>	<p><b>Article <del>43.</del><u>38.</u> Executive Committee</b></p>
<p>1. The Board of Directors shall create a permanent Executive Committee with all of the powers inherent to the Board of Directors except for those powers that may not be delegated pursuant to legal or by-law restrictions.</p>	<p>1. <del>The Board of Directors shall create a permanent</del><u>If created, the</u> Executive Committee <del>with</del><u>shall have</u> all <del>of</del> the powers inherent to the Board of Directors, except for those powers that may not be delegated pursuant to <del>legal or by-law restrictions</del><u>law or the Corporate Governance System</u>.</p>
<p>2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, with a minimum of four (4) and a maximum of eight (8) directors.</p>	<p>2. The Executive Committee shall be composed of the number of directors decided by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, with a minimum of four <del>(4)</del> and a maximum of eight <del>(8)</del> <del>directors.</del></p>
<p>3. The appointment of members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of two-thirds (2/3) of its members. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors.</p>	<p>3. The appointment of <u>the</u> members of the Executive Committee and the delegation of powers thereto shall be carried out by the Board of Directors with the favourable vote of <u>at least</u> two-thirds <del>(2/3)</del> of <del>its</del><u>the</u> members <u>thereof</u>. The renewal thereof shall be carried out at the time and in the form and numbers decided by the Board of Directors <u>with such majority</u>.</p>

<p>4. The chairman of the Board of Directors and the chief executive officer shall in all cases form part of the Executive Committee.</p>	<p>4. The chairman of the Board of Directors and the chief executive <del>officer</del><u>officers</u> shall in all cases form part of the Executive Committee.</p>
<p>5. The meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, and if none, by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, one of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance, shall serve secretary.</p>	<p>5. The meetings of the Executive Committee shall be chaired by the chairman of the Board of Directors, and in the absence thereof, by one of the vice-chairs who are members of the Executive Committee, and if none, by the director member of the Executive Committee having the longest length of service in office, and if equal lengths of service, by the oldest. The secretary of the Board of Directors or, in the absence thereof, <del>one</del><u>any</u> of the deputy secretaries or, in the absence of all of them, the director that the Executive Committee appoints from among its members in attendance, shall serve <u>as</u> secretary.</p>
<p>6. Resolutions of the Executive Committee shall be adopted by a majority of the directors sitting on the committee who are present at the meeting in person or by proxy. In the event of a tie, the chair shall have the tie-breaking vote.</p>	<p>6. Resolutions of the Executive Committee shall be adopted by <u>an absolute</u> majority of <del>the directors sitting on the committee who are present at the meeting</del><u>votes cast</u> in person or by proxy. In the event of a tie, the chair <u>of the Executive Committee</u> shall have the tie-breaking vote.</p>
<p><b>Article 44. Audit and Risk Supervision Committee</b></p>	<p><b>Article <del>44.39.</del> <u>44.39.</u> Audit and Risk Supervision Committee</b></p>
<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of</p>	<p>1. The Board of Directors shall create a permanent Audit and Risk Supervision Committee, an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its</p>

action.	scope of action.
<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors appointed by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, from among the external directors who are not members of the Executive Committee. A majority of such directors shall be independent, and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, auditing, and risk management.</p>	<p>2. The Audit and Risk Supervision Committee shall be composed of a minimum of three <del>(3)</del> and a maximum of five <del>(5)</del> directors appointed by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, from among the <del>external</del> <u>non-executive</u> directors who are not members of the Executive Committee. A majority of such directors shall be independent, <del>and at least one of them shall be appointed taking into account the knowledge and experience thereof in the areas of accounting, auditing, and risk management.</del></p>
<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four (4) years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>	<p>3. The Board of Directors shall appoint a chair of the Audit and Risk Supervision Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director. The position of chair of the Audit and Risk Supervision Committee shall be held for a maximum period of four <del>(4)</del> years, after which period the chair may not be re-elected until the passage of at least one year from ceasing to act as such, without prejudice to the continuance or re-election thereof as a member of the committee.</p>
<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations and in any event the following:</p>	<p>4. The Audit and Risk Supervision Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations and in any event <del>the following:</del> <u>those established by law, except for that of reporting on</u></p>

	<u>related-party transactions, which power is assigned to the Appointments and Remuneration Committee.</u>
a) Report to the shareholders at the General Shareholders' Meeting with respect to matters raised therein by the shareholders on matters within its power.	<del>a) Report to the shareholders at the General Shareholders' Meeting with respect to matters raised therein by the shareholders on matters within its power.</del>
b) Monitor the effectiveness of internal control at the Company and within its Group, as well as of their risk management systems.	<del>b) Monitor the effectiveness of internal control at the Company and within its Group, as well as of their risk management systems.</del>
c) Together with the auditors, analyse significant weaknesses in the internal control system detected during the audit.	<del>c) Together with the auditors, analyse significant weaknesses in the internal control system detected during the audit.</del>
d) Supervise the process of preparing and presenting regulated financial information.	<del>d) Supervise the process of preparing and presenting regulated financial information.</del>
e) Propose the appointment, re-election, or replacement of the auditors, in accordance with applicable legal provisions, to the Board of Directors for submission to the shareholders at a General Shareholders' Meeting.	<del>e) Propose the appointment, re-election, or replacement of the auditors, in accordance with applicable legal provisions, to the Board of Directors for submission to the shareholders at a General Shareholders' Meeting.</del>
f) Supervise the activities of the Internal Audit Area, which shall be functionally controlled by the Audit and Risk Supervision Committee.	<del>f) Supervise the activities of the Internal Audit Area, which shall be functionally controlled by the Audit and Risk Supervision Committee.</del>
g) Establish appropriate relations with the auditors to receive information regarding matters that might risk the independence thereof, for examination by the Audit and Risk Supervision Committee, and any other information related to the development of the audit procedure	<del>g) Establish appropriate relations with the auditors to receive information regarding matters that might risk the independence thereof, for examination by the Audit and Risk Supervision Committee, and any other information related to the development of the audit procedure</del>

<p>as well as such other communications as are provided for in laws on auditing of accounts and in other legal provisions on auditing. In any event, it must receive written confirmation from the auditors on an annual basis of their independence vis-à-vis the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto pursuant to the laws on the auditing of accounts.</p>	<p><del>as well as such other communications as are provided for in laws on auditing of accounts and in other legal provisions on auditing. In any event, it must receive written confirmation from the auditors on an annual basis of their independence vis-à-vis the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto pursuant to the laws on the auditing of accounts.</del></p>
<p>h) On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report must in any case pass upon the provision of the additional services referred to in the preceding section.</p>	<p><del>h) On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report must in any case pass upon the provision of the additional services referred to in the preceding section.</del></p>
<p><b>Article 45. Appointments and Remuneration Committee</b></p>	<p><b>Article <del>45.</del><u>40.</u> Appointments and Remuneration Committee</b></p>
<p>1. The Board of Directors shall create a permanent Appointments and Remuneration Committee, an internal informational and consultative body without executive duties with information, advisory, and proposal-making powers within its scope of action.</p>	<p>1. The Board of Directors shall create a permanent Appointments and Remuneration Committee; <u>(or two separate committees, an Appointments Committee and a Remuneration Committee, in which case reference in these By-Laws to the Appointments and Remuneration Committee shall be deemed made to the corresponding committee), which shall be</u> an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within</p>

	its scope of action.
2. The Appointments and Remuneration Committee shall be composed of a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors from among the external directors, and the majority thereof must be classified as independent.	2. The Appointments and Remuneration Committee shall be composed of a minimum of three <del>(3)</del> and a maximum of five <del>(5)</del> directors, appointed by the Board of Directors <u>upon a proposal of the Appointments and Remuneration Committee</u> , from among the <del>external</del> <u>non-executive</u> directors, and the majority thereof must be classified as independent.
3. The Board of Directors shall appoint a chair of the Appointments and Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.	3. The Board of Directors shall appoint a chair of the Appointments and Remuneration Committee from among the independent directors forming part thereof, as well as its secretary, who need not be a director.
4. The Appointments and Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.	4. The Appointments and Remuneration Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations <u>and in any event those established by law as well as the power to report on related-party transactions.</u>
<b>Article 46. Corporate Social Responsibility Committee</b>	<b>Article <del>46.</del><u>41.</u> Corporate Social Responsibility Committee</b>
1. The Board of Directors shall create a permanent Corporate Social Responsibility Committee, an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.	1. <del>The Board of Directors shall create a permanent</del> <u>If created, the</u> Corporate Social Responsibility Committee, <u>shall be deemed</u> an internal informational and consultative body without executive duties, with information, advisory, and proposal-making powers within its scope of action.
2. The Corporate Social Responsibility Committee shall be composed of a	2. The Corporate Social Responsibility Committee shall be

<p>minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the external directors, and the majority thereof must be classified as independent.</p>	<p>composed of a minimum of three <del>(3)</del> and a maximum of five <del>(5)</del> directors, appointed by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, from among the <del>external</del><u>non-executive</u> directors, and the majority thereof must be classified as independent.</p>
<p>3. The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the directors forming part thereof, as well as its secretary, who need not be a director.</p>	<p>3. The Board of Directors shall appoint a chair of the Corporate Social Responsibility Committee from among the <u>independent</u> directors forming part thereof, as well as its secretary, who need not be a director.</p>
<p>4. The Corporate Social Responsibility Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>	<p>4. The Corporate Social Responsibility Committee shall have the powers set forth in the <i>Regulations of the Board of Directors</i> and in its own regulations.</p>
<p><b>Article 47. Chairman and Vice-Chair or Vice-Chairs</b></p>	<p><b>Article <del>47.42.</del> Chairman and Vice-Chair or Vice-Chairs</b></p>
	<p><u>1.</u> The <u>Board of Directors, following a report from the Appointments and Remuneration Committee, shall appoint a chairman from among its members. The Board of Directors may also appoint one or more honorary chairs of the Company.</u></p>
<p>1. The chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof and being</p>	<p><u>2.</u> <u>The</u> chairman of the Board of Directors shall have the status of president of the Company and of chair of all of the <u>corporate</u> decision-making bodies of which the chairman is a member, which he shall permanently represent with the broadest powers, having a duty to carry out the resolutions thereof</p>

authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.	and being authorised in urgent cases to adopt such measures as the chairman deems advisable in furtherance of the corporate interest.
2. The chairman of the Board of Directors undertakes the senior management and representation of the Company and leads the Board of Directors. He exercises the following powers in addition to the powers conferred by law and the Company's Corporate Governance System:	<del>3.</del> <del>2.</del> —The chairman of the Board of Directors undertakes the senior management and representation of the Company <del>and leads, as well as leadership of</del> the Board of Directors. <del>— He — exercises — the following powers in addition to the powers conferred by law and the Company's Corporate Governance System:—</del>
	<del>4.</del> <u>The chairman of the Board of Directors exercises the powers conferred upon him by law and the Corporate Governance System, and particularly the following:</u>
a) To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for meetings and directing discussion and debate.	<del>a)</del> To call and preside over meetings of the Board of Directors and the Executive Committee, setting the agenda for <u>the</u> meetings and directing <u>the</u> discussion and debate.
b) To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the Company's Corporate Governance System.	<del>b)</del> To chair the General Shareholders' Meeting and exercise thereat the duties attributed thereto by the <del>Company's</del> Corporate Governance System.
c) To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the operation of the Board of Directors itself	<del>c)</del> To bring to the Board of Directors those proposals that the chairman deems appropriate for the efficient running of the Company, particularly those corresponding to the

<p>and other corporate decision-making bodies, as well as to propose the persons, if any, who will hold the positions of vice-chair or vice-chairs, chief executive officer, and secretary and, if applicable, the deputy secretary or deputy secretaries of the Board and of the committees of the Board of Directors.</p>	<p>operation of the Board of Directors itself and other <del>corporate</del><u>governance</u> decision-making bodies, as well as to propose the persons, if any, who will hold <del>the positions of</del><u>office as</u> vice-chair <del>or vice-chairs</del>, chief executive officer, <u>secretary</u>, and <u>deputy</u> secretary <del>and, if applicable, the deputy secretary or deputy secretaries</del> of the Board <u>of Directors</u> and <del>of the committees of the Board of Directors thereof</del>, <u>without prejudice to the reporting powers belonging to the Appointments and Remuneration Committee.</u></p>
<p>3. The Board of Directors may appoint one or more honorary presidents of the Company.</p>	<p><del>3. The Board of Directors may appoint one or more honorary presidents of the Company.</del></p>
	<p><u>d) To ensure, with the collaboration of the secretary, that the directors receive in advance information sufficient to deliberate on the items on the agenda.</u></p>
	<p><u>e) To stimulate the debate and active participation of the directors during meetings, safeguarding their freedom to take positions.</u></p>
<p>4. The Board of Directors, upon a proposal of its chairman and after a report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event</p>	<p><u>5.</u> <del>4.</del>The Board of Directors, upon a proposal of its chairman and after a report from the Appointments and Remuneration Committee, may elect from among its members one or more vice-chairs who shall temporarily replace the chairman of the Board of Directors in the event</p>

<p>of vacancy, absence, illness, or disability.</p>	<p>of vacancy, absence, illness, or <del>disability</del><u>incapacity</u>. <u>The same procedure shall be followed to decide the removal of a vice-chair.</u></p>
<p>5. If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length in office; if equal lengths of service, the oldest; and if there is no vice-chair, the director with the longest length of office, and in case of equal lengths, the oldest.</p>	<p><u>6.</u> <del>5.</del> If there is more than one vice-chair of the Board of Directors, the one that is expressly appointed by the Board of Directors for such purpose shall replace the chairman of the Board of Directors; in default of the foregoing, the vice-chair having the longest length <u>of service</u> in office; <del>if in case of</del> equal lengths of service, the oldest; <del>and if there is no.</del> <u>If a vice-chair, has not been appointed, the chairman shall be replaced by</u> the director with the longest length of <u>service in</u> office, and in case of equal lengths, the oldest.</p>
	<p><u>7.</u> <u>The vice-chair or the director, if any, that must replace the chairman under the provisions of the preceding section shall lead the process of electing a new chairman in the event of removal, notice of resignation, disability, or death in accordance with the succession plan approved by the Board of Directors.</u></p>
<p><b>Article 48. Chief Executive Officer</b></p>	<p><b>Article <del>48.</del><u>43</u>. Chief Executive Officer</b></p>
<p>1. The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable vote of at least two-thirds (2/3) of the directors, may appoint a chief executive officer with the powers it deems appropriate and which may be delegated pursuant to legal and by-law provisions.</p>	<p><u>1.</u> The Board of Directors, upon a proposal of the chairman thereof, after a report from the Appointments and Remuneration Committee and with the favourable vote of at least two-thirds (<del>2/3</del>) of the directors, may appoint <del>a one or more</del> chief executive <del>officer</del><u>officers</u> (<u>consejeros delegados</u>) with the powers it deems appropriate and which may be delegated pursuant to</p>

	<del>legal and by law provisions.</del> <u>law and the Corporate Governance System.</u>
2. The chief executive officer, as well as the chairman of the Board of Directors, shall exercise the power to represent the Company.	<del>2. The chief executive officer, as well as the chairman of the Board of Directors, shall exercise the power to represent the Company.</del>
3. In the event of vacancy, absence, illness, or disability of the chief executive officer, the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors, who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of a new chief executive officer.	<del>3.</del> <u>2.</u> <del>In the event of vacancy, absence, illness, or disability</del> <u>incapacity of all</u> of the chief executive <del>officer</del> <u>officers</u> , the duties entrusted thereto shall be temporarily assumed by the chairman of the Board of Directors <u>or, in the absence thereof, by the vice-chair or director designated in accordance with the provisions of section 6 of the preceding article</u> , who shall call a meeting of the Board of Directors to deliberate and decide upon the appointment, if appropriate, of <del>a one or more</del> <u>one or more</u> new chief executive <del>officer.</del> <u>officers.</u>
<b>Article 49. Secretary and Deputy Secretary or Deputy Secretaries; Counsel to the Board of Directors</b>	<b>Article <del>49.</del> <u>44.</u> Secretary and Deputy Secretary or Deputy Secretaries; <del>Counsel to</del> <u>of</u> the Board of Directors</b>
1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments and Remuneration Committee, shall appoint a secretary and, if appropriate, one or more deputy secretaries, who need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness, or disability. The same procedure shall be followed to decide the removal of the secretary and, if appropriate, each deputy secretary.	1. The Board of Directors, upon a proposal of the chairman thereof and after a report from the Appointments and Remuneration Committee, shall appoint a secretary, <u>who need not be a director</u> , and, if appropriate, one or more deputy secretaries, who <u>also</u> need not be directors, and who shall replace the secretary in the event of vacancy, absence, illness, or <del>disability</del> <u>incapacity</u> . The same procedure shall be followed to decide the removal of the secretary and, if <del>appropriate</del> <u>applicable</u> , each

	deputy secretary.
2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.	2. If there is more than one deputy secretary, the secretary of the Board of Directors shall be replaced by the corresponding one among them in accordance with the order established at the time of their appointment. In the absence of a secretary and deputy secretaries, the director that the Board of Directors itself appoints from among the attendees at the meeting in question shall serve as such.
3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the Company's Corporate Governance System. In particular, the secretary shall ensure the formal and substantive legality of the activities of the collective decision-making bodies, as well as advise the Board of Directors regarding the ongoing assessment and update of the Company's Corporate Governance System.	3. The secretary of the Board of Directors shall perform the duties assigned thereto by law and the <del>Company's</del> Corporate Governance System. <del>In particular, the secretary shall ensure the formal and substantive legality of the activities of the collective decision-making bodies, as well as advise the Board of Directors regarding the ongoing assessment and update of the Company's Corporate Governance System.</del>
4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the Company's Corporate Governance System.	4. The secretary of the Board of Directors or, if applicable, the deputy secretary or one of the deputy secretaries if several, may also hold the position of general secretary if so decided by the Board of Directors, with the duties assigned thereto by the <del>Company's</del> Corporate Governance System.
	<u><a href="#">Article 45. Checks and Balances System: the Coordinating Director</a></u>
	<u><a href="#">1. The Corporate Governance System shall provide the measures necessary to ensure that neither the</a></u>

	<u>chairman of the Board of Directors, nor the Executive Committee, nor the chief executive officers have a decision-making power that is not subject to appropriate checks and balances.</u>
	<u>2. The Board of Directors shall adopt the measures necessary to ensure that both the chairman of the Board of Directors and the Executive Committee and the chief executive officers are under its effective supervision.</u>
	<u>3. The appointment of an executive director as chairman of the Board of Directors shall require the favourable vote of at least two-thirds of the directors.</u>
	<u>4. If the chairman of the Board of Directors has the status of executive director, the Board of Directors, upon a proposal of the Appointments and Remuneration Committee and with the abstention of the executive directors, must necessarily appoint from among the independent _____ directors _____ a coordinating director (<i>consejero coordinador</i>), who shall be especially empowered, when the coordinating director deems it appropriate, to:</u>
	<u>a) Ask the chairman of the Board of Directors to call a meeting thereof and to participate with the chairman in the planning of the annual schedule of meetings.</u>
	<u>b) Participate in the preparation of the agenda for each</u>

	<u>meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors that have already been called.</u>
	c) <u>Coordinate, meet with, and reflect the concerns of the non-executive directors.</u>
	d) <u>Direct the periodic evaluation of the chairman of the Board of Directors and lead any process for the succession thereof.</u>
5. The Board of Directors shall appoint a counsel to the Board of Directors, who shall have the duties given thereto by applicable law. Such position may be held by the secretary, or the deputy secretary, if any, or one of the deputy secretaries if several, if they are attorneys and comply with the other requirements of applicable law and it is so decided by the Board of Directors.	<u>5.</u> The <del>Board of Directors shall appoint a counsel to the Board of Directors, who shall have the duties given thereto by applicable law. Such position may be held by the secretary, or the deputy secretary, if any, or one of the deputy secretaries if several, if they are attorneys and comply with the other requirements of applicable law and it is</del> <u>coordinating director may also maintain contacts with shareholders when</u> so decided by the Board of Directors.
<b>Section 4. Rules Applicable to Directors</b>	<del>Section 4.</del> <b><u>Chapter IV.</u> Rules Applicable to Directors</b>
<b>Article 50. General Duties of Directors</b>	<b>Article <del>50.</del><u>46.</u> General Duties of Directors</b>
1. In the performance of the duties entrusted thereto, a director shall act in good faith and with the diligence of a prudent businessperson and a faithful representative, and shall comply with the duties prescribed by law and the Company's Corporate Governance System, acting in	1. <del>In the performance of the duties entrusted thereto, a director shall act in good faith and</del> <u>The directors must carry out their office and comply with the duties imposed by law and the Corporate Governance System</u> with the diligence of a prudent businessperson <del>and,</del> <u>taking into</u>

<p>furtherance of the corporate interest.</p>	<p><u>account the nature of the office and the duties attributed to each of them. The directors must also carry out their office with the loyalty of a faithful representative, and shall comply with the duties prescribed by law and the Company's Corporate Governance System, acting in furtherance of acting in good faith and in the corporate best interest of the Company.</u></p>
<p>2. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties of confidentiality, non-competition, and faithfulness, with special focus on conflict of interest situations.</p>	<p>2. The <i>Regulations of the Board of Directors</i> shall elaborate upon the specific obligations of directors stemming from the duties <u>established by law, and particularly those</u> of confidentiality, non-competition, and <del>faithfulness</del><u>loyalty</u>, with special focus on conflict of interest situations.</p>
<p>3. The Company may obtain civil liability insurance for the directors.</p>	<p>3. The Company may obtain <u>an insurance policy that covers the civil liability insurance for of</u> the directors <u>in the performance of their duties</u>.</p>
<p><b>Article 51. Terms of Office and Filling of Vacancies</b></p>	<p><b>Article <del>51. Terms</del><u>47. Term</u> of Office and Filling of Vacancies-</b></p>
<p>1. The directors shall serve in their position for a term of four (4) years, so long as the shareholders acting at the General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.</p>	<p>1. The directors shall serve in their position for a term of four <del>(4)</del> years, so long as the shareholders acting at <del>the</del><u>a</u> General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.</p>
<p>2. The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of</p>	<p>2. The directors must submit their resignation from the position and formally resign from their position upon the occurrence of any of the instances of incompatibility, lack of</p>

competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the Company's Corporate Governance System.	competence, structural and permanent conflict of interest, or prohibition against performing the duties of director provided by law or the <del>Company's</del> Corporate Governance System.
3. Directors may be re-elected to one or more terms of four (4) years.	3. Directors may be re-elected to one or more terms of four <del>(4)</del> years.
4. Vacancies that occur may, pursuant to law, be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting, whereat the shareholders shall confirm the appointments or elect the persons who should replace directors who are not ratified, or it shall withdraw the vacant positions.	<del>4. Vacancies that occur may, pursuant to law, be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting, whereat the shareholders shall confirm the appointments or elect the persons who should replace directors who are not ratified, or it shall withdraw the vacant positions.</del>
<b>Article 52. Director Remuneration</b>	<b>Article <del>52.48</del>. Director Remuneration</b>
1. The Company shall allocate as an expense an amount equal to a maximum of two (2%) per cent of consolidated group profits obtained during the financial year for the following purposes:	1. The Company shall <u>annually</u> allocate as an expense an amount equal to a maximum of two <del>(2%)</del> per cent of consolidated group profits obtained during the <u>preceding</u> financial year for the following purposes:
a) To remunerate the directors based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.	a) To remunerate the directors, <u>both for their status as such as well as for any executive duties</u> , based on the offices held, and dedication to and attendance at meetings of the corporate decision-making bodies.
b) To endow a fund to meet the obligations of the Company regarding pensions, the payment of life insurance premiums, and the payment of indemnification in favour of current and former directors.	b) To endow a fund to meet the obligations of the Company regarding pensions, the payment of life insurance premiums, and the payment of <del>indemnification</del> <u>severance compensation</u> in favour of current and former directors.

	<p><u>2.</u> <u>In particular, in their status as such, the directors shall receive remuneration consisting of a fixed annual amount, attendance fees, and appropriate risk coverage benefits (death and disability). In the case of termination prior to the end of the period for which they were appointed, non-executive directors who are not proprietary directors shall have the right to receive a severance payment for non-competition unless their removal is due to a breach of the duties of director attributable thereto or to the sole decision thereof.</u></p>
<p>The allocation of the maximum limit of two (2%) per cent shall only occur if profits for the financial year are sufficient to cover legal and other mandatory reserves and the issuance to the shareholders of a dividend of at least four (4%) per cent of the share capital.</p>	<p><u>3.</u> The <del>allocation of amount, subject to</del> the maximum limit of two <del>(2%)</del> per cent <del>shall, may</del> only <del>occur</del> <u>accrue</u> if profits for the <u>preceding</u> financial year are sufficient to cover legal and other mandatory reserves and <del>the</del> <u>if there has been an</u> issuance to the shareholders of a dividend of at least four <del>(4%)</del> per cent of the share capital <u>charged to the results of such financial year.</u></p>
<p>2. Independently of the provisions of the preceding section, and subject always to the approval of the shareholders, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company's shares.</p>	<p><u>4.</u> <del>2.</del> <del>Independently of the provisions of the preceding section</del> <u>sections</u>, and subject always to the approval of the shareholders <u>at a General Shareholders' Meeting</u>, the remuneration of directors may also consist of the delivery of shares or options thereon, as well as a payment based on the value of the Company's shares.</p>
<p>3. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties, and indemnification to which the director</p>	<p><del>3. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties, and indemnification to which the</del></p>

<p>may be entitled by reason of other employment or professional relationships, if any, that such director may have with the Company. The fixed and variable remuneration and the indemnification arising from the corresponding contracts shall be included in and paid with a charge to the by-law allocation accorded to the Board of Directors in the preceding section 1.</p>	<p><del>director may be entitled by reason of other employment or professional relationships, if any, that such director may have with the Company. The fixed and variable remuneration and the indemnification arising from the corresponding contracts shall be included in and paid with a charge to the by-law allocation accorded to the Board of Directors in the preceding section 1.</del></p>
<p><b>Article 53. Powers of Information and Inspection</b></p>	<p><b>Article <del>53.</del><u>49.</u> Powers of Information and Inspection</b></p>
<p>1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.</p>	<p>1. A director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents, and other background information on corporate transactions, to inspect its facilities, and to communicate with the senior officers of the Company.</p>
<p>2. The exercise of the aforementioned powers shall first be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the Company's Corporate Governance System.</p>	<p>2. The exercise of the aforementioned powers shall <del>first</del> be channelled through the secretary of the Board of Directors, who shall act on behalf of the chairman thereof pursuant to the provisions of the <del>Company's</del> Corporate Governance System.</p>
<p><b>Section 5. Annual Corporate Governance Report and Corporate Website</b></p>	<p><del><b>Section 5. Annual Corporate Governance Report and Corporate Website</b></del></p>
<p></p>	<p></p>
<p><b>Article 54. Annual Corporate Governance Report</b></p>	<p><del><b>Article 54. Annual Corporate Governance Report</b></del></p>
<p>1. The Board of Directors shall, on an annual basis and following a report from the Corporate Social</p>	<p><del>1. The Board of Directors shall, on an annual basis and following a report from the Corporate Social</del></p>

<p>Responsibility Committee, approve an <i>Annual Corporate Governance Report</i> for the Company that shall include all specifications established by law and any other specifications that the Board of Directors deems appropriate to include therein.</p>	<p><del>Responsibility Committee, approve an <i>Annual Corporate Governance Report</i> for the Company that shall include all specifications established by law and any other specifications that the Board of Directors deems appropriate to include therein.</del></p>
<p>2. The <i>Annual Corporate Governance Report</i> shall be included in a separate section within the management report, and shall therefore be approved simultaneously therewith and shall be made available to the shareholders together with other documents relating to the General Shareholders' Meeting.</p>	<p><del>2. The <i>Annual Corporate Governance Report</i> shall be included in a separate section within the management report, and shall therefore be approved simultaneously therewith and shall be made available to the shareholders together with other documents relating to the General Shareholders' Meeting.</del></p>
<p>3. In addition, public notice shall be given of the <i>Annual Corporate Governance Report</i> as provided in securities market rules and regulations.</p>	<p><del>3. In addition, public notice shall be given of the <i>Annual Corporate Governance Report</i> as provided in securities market rules and regulations.</del></p>
<p><b>Article 55. Corporate Website</b></p>	<p><del><b>Article 55. Corporate Website</b></del></p>
<p>The Company shall maintain a corporate website to accommodate the exercise by the shareholders of the right to receive information and to disseminate all relevant information required by securities market laws, which shall include the documents and information provided for by law and the Company's Corporate Governance System and any other information that it is deemed appropriate to make available to the shareholders and investors through this medium.</p>	<p><del>The Company shall maintain a corporate website to accommodate the exercise by the shareholders of the right to receive information and to disseminate all relevant information required by securities market laws, which shall include the documents and information provided for by law and the Company's Corporate Governance System and any other information that it is deemed appropriate to make available to the shareholders and investors through this medium.</del></p>
<p><b>TITLE III. NEUTRALISATION OF LIMITATIONS IN THE EVENT OF TAKEOVER BIDS</b></p>	<p><del><b>TITLE III. NEUTRALISATION OF LIMITATIONS</b></del> <b><u>IV. BREAKTHROUGH OF</u></b></p>

	<u>RESTRICTIONS</u> IN THE EVENT OF TAKEOVER BIDS
<b>Article 56. Removal of Voting Limitations</b>	<b>Article <del>56</del><u>50</u>. Removal of Voting Limitations</b>
The limitation on the maximum number of votes that may be cast by a single shareholder contained in sections 3 to 5 of article 29 above and the voting prohibition of article 30 above which is imposed upon shareholders affected by conflicts of interest shall have no effect upon the occurrence of the following circumstances:	The <u>prohibition on voting for shareholders affected by conflicts established in article 28 above and the</u> limitation on the maximum number of votes that may be cast by a single shareholder contained in sections <del>32</del> <u>32</u> to <del>54</del> <u>54</u> of article 29 above <del>and the voting prohibition of article 30 above which is imposed upon shareholders affected by conflicts of interest shall have no</del> <u>shall be deprived of</u> effect upon the occurrence of the following circumstances:
a) When the Company is the target of a takeover bid aimed at the share capital as a whole; and	a) <del>When</del> <u>when</u> the Company is the target of a takeover bid aimed at the share capital as a whole; and
b) When, as a result of the takeover bid, an individual or a legal entity, or several of them acting jointly, acquire an interest equal to two-thirds (2/3) of the voting share capital of the Company, provided the full consideration thereof consists only of cash; or, alternatively,	b) <del>When</del> <u>when</u> , as a result of the takeover bid, an individual or a legal entity, or several of them acting <del>jointly</del> <u>jointly in concert</u> , acquire an interest equal to two-thirds ( <del>2/3</del> ) of the voting share capital of the Company, provided the full consideration <del>thereof</del> <u>therefor</u> consists only of cash; or, alternatively,
c) When, as a result of the takeover bid, an individual or a legal entity, or several of them acting jointly, acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration thereof consists, in whole or in part, of securities, without giving the recipient an alternative right to receive such consideration wholly in cash.	c) <del>e)</del> <del>When</del> <u>when</u> , as a result of the takeover bid, an individual or a legal entity, or several of them acting <del>jointly</del> <u>jointly in concert</u> , acquire an interest equal to three-fourths of the voting share capital of the Company, provided that the consideration <del>thereof</del> <u>therefor</u> consists, in whole or in part, of securities, without giving the recipient an alternative right to

	receive such consideration wholly in cash.
<b>Article 57. Effectiveness of the Removal</b>	<b>Article <del>57</del><u>51</u>. Effectiveness of the Removal</b>
1. The removal of the limitation mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin ( <i>Boletín de Cotización</i> ) of the Bilbao Stock Exchange.	1. The removal of the <del>limitation</del> <u>limitations</u> mentioned in the preceding article shall be effective from the date of publication of the result of the settlement of the bid in the Listing Bulletin ( <i>Boletín de Cotización</i> ) of the Bilbao Stock Exchange.
2. The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the by-law amendment referred to in section 1 above and to seek registration thereof with the Commercial Registry.	2. The directors of the Company shall have the power, as well as the duty, to take the actions necessary to formalise the by-law amendment referred to in section 1 above and to seek registration thereof with the Commercial Registry.
<b>Article 58. Amendments to Articles in Title III and Related Provisions</b>	<b>Article <del>58</del><u>52</u>. Amendments to Articles in Title <del>III</del><u>IV</u> and Related Provisions</b>
All resolutions intended to eliminate or amend the provisions contained in this title, in sections 3 to 5 of article 29, and in article 30 above shall require the affirmative vote of three-fourths (3/4) of the share capital present in person or by proxy at a General Shareholders' Meeting.	All resolutions intended to eliminate or amend the provisions contained in this <del>title</del> <u>Title</u> , in <u>article 28, and in sections 32 to 54</u> of article <del>29, and in article 30</del> <u>29</u> above shall require the affirmative vote of three-fourths <del>(3/4)</del> of the share capital present in person or by proxy at a General Shareholders' Meeting.
<b>TITLE IV. ANNUAL ACCOUNTS, DISTRIBUTION OF PROFITS, DISSOLUTION, AND LIQUIDATION</b>	<b>TITLE <del>IV</del><u>V</u>. ANNUAL ACCOUNTS, <del>DISTRIBUTION OF PROFITS,</del> DISSOLUTION, AND LIQUIDATION</b>
<b>Chapter I. Accounts</b>	<b>Chapter I. <u>Annual</u> Accounts</b>
<b>Article 59. Financial Year and Preparation of Accounts</b>	<b>Article <del>59</del><u>53</u>. Financial Year and Preparation of <u>Annual</u> Accounts</b>
1. The financial year shall commence on 1 January of each year and shall	<u>1.</u> The financial year shall commence on 1 January of each year and shall

end on 31 December.	end on 31 December <u>of each year</u> .
2. The accounts and the management report shall be prepared in compliance with the structure, principles, and guidelines contained in applicable provisions.	<del>2.—The accounts and the management report shall be prepared in compliance with the structure, principles, and guidelines contained in applicable provisions.</del>
3. Within the first three (3) months of the year, the Board of Directors shall prepare the accounts, the management report, and the proposed allocation of profits or losses and, if applicable, the consolidated accounts and management report. The accounts and the management report must be signed by all the directors. If the signature of any of them is missing, an indication of such circumstance shall be inserted into each of the documents where it is so missing, with express reference to the reason therefor.	<u>2.</u> <del>3.—</del> Within the first three (3) months of the year, the Board of Directors shall prepare the <u>annual</u> accounts, the management report, and the proposed allocation of profits or losses, and, <del>if applicable,</del> the consolidated <u>annual</u> accounts and management report. <del>The accounts and the management report must be signed by all the directors. If the signature of any of them is missing, an indication of such circumstance shall be inserted into each of the documents where it is so missing, with express reference to the reason therefor.</del>
<b>Article 60. Auditors</b>	<del><b>Article 60. Auditors</b></del>
1. The accounts and the management report of the Company, as well as the consolidated accounts and management report, must be reviewed by auditors.	<del>1.—The accounts and the management report of the Company, as well as the consolidated accounts and management report, must be reviewed by auditors.</del>
2. The auditors shall be appointed by the shareholders acting at a General Shareholders' Meeting prior to the end of the financial year to be audited, for a fixed initial period that shall not be less than three (3) years nor greater than nine (9), to be counted from the date of commencement of the first financial year to be audited; the auditors may be re-elected by the shareholders	<del>2.—The auditors shall be appointed by the shareholders acting at a General Shareholders' Meeting prior to the end of the financial year to be audited, for a fixed initial period that shall not be less than three (3) years nor greater than nine (9), to be counted from the date of commencement of the first financial year to be audited; the auditors may be re-elected by the</del>

<p>upon the terms established by law, once the initial period has expired.</p>	<p><del>shareholders upon the terms established by law, once the initial period has expired.</del></p>
<p>3. The auditors shall prepare a detailed report on the results of their actions pursuant to the laws on the auditing of accounts.</p>	<p><del>3. The auditors shall prepare a detailed report on the results of their actions pursuant to the laws on the auditing of accounts.</del> <u>for the previous financial year.</u></p>
<p><b>Article 61. Approval of Accounts and Allocation of Profits/Losses</b></p>	<p><b>Article <del>61.</del><u>54.</u> Approval of Accounts and Allocation of Profits/Losses</b></p>
<p>1. The accounts of the Company and the consolidated accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.</p>	<p>1. The <u>annual</u> accounts of the Company and the consolidated <u>annual</u> accounts shall be submitted to the shareholders for approval at the General Shareholders' Meeting.</p>
<p>2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved balance sheet.</p>	<p>2. The shareholders shall decide at the General Shareholders' Meeting upon the allocation of profits or losses for the financial year in accordance with the approved <del>balance sheet</del><u>annual accounts.</u></p>
<p>3. Once such payments as are provided for by these <i>By-Laws</i> or by law have been made, dividends may only be distributed with a charge against the profits for the financial year or against unrestricted reserves, if the book value of net assets is not less than the share capital, or does not become so as a result of the distribution.</p>	<p><del>3. Once such payments as are provided for by these <i>By-Laws</i> or by law have been made, dividends may only be distributed with a charge against the profits for the financial year or against unrestricted reserves, if the book value of net assets is not less than the share capital, or does not become so as a result of the distribution.</del></p>
<p>4. If the shareholders resolve to distribute dividends, they shall establish the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be</p>	<p><del>3.</del> <del>4.</del> If the shareholders resolve to distribute <del>dividends</del><u>a dividend</u>, they shall <del>establish</del><u>decide</u> the time and form of payment thereof. The establishment of these standards and of any others that may be required or appropriate to carry out the resolution may be delegated to</p>

	delegated to the Board of Directors.		the Board of Directors.
5.	The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company.	4.	<del>5.</del> —The shareholders may resolve at the General Shareholders' Meeting that the dividend be paid totally or partially in kind, provided that the assets or securities to be distributed are homogeneous, they are admitted to trading on an official exchange at the time the resolution is made effective, or the Company duly guarantees the liquidity thereof within a maximum period of one year, and they are not distributed for a lesser value than the value set forth for them in the balance sheet of the Company. <u>The same rule shall apply to a reduction in share capital due to a return of in-kind contributions.</u>
6.	The distribution of dividends to shareholders shall be made in proportion to their paid-up share capital.	5.	<del>6.</del> —The distribution of <del>dividends</del> <u>a dividend</u> to shareholders shall be made in proportion to their paid-up share capital.
<b>Article 62. Filing of the Approved Accounts</b>		<del><b>Article 62. Filing of the Approved Accounts</b></del>	
The Board of Directors shall file the accounts and the management report of the Company, as well as the consolidated accounts and management report, together with the corresponding reports prepared by the auditors and all other mandatory documents, in such manner and within such periods as are prescribed by law.		<del>The Board of Directors shall file the accounts and the management report of the Company, as well as the consolidated accounts and management report, together with the corresponding reports prepared by the auditors and all other mandatory documents, in such manner and within such periods as are prescribed by law.</del>	
<b>Chapter II. Dissolution and Liquidation of the Company</b>		<b>Chapter II. Dissolution and Liquidation of the Company</b>	
<b>Article 63. Grounds for Dissolution</b>		<b>Article <del>63.</del><u>55.</u> Grounds for Dissolution</b>	
The Company shall be dissolved upon the occurrence of any of the events established		The Company shall be dissolved upon the occurrence of any of the events	

by law.	established by law.
<b>Article 64. Liquidation of the Company</b>	<b>Article <del>64.56.</del> Liquidation of the Company</b>
1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which must be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment shall cease to hold office.	1. From the moment the Company declares itself to be in liquidation, the Board of Directors shall cease its duties and the directors shall become liquidators of the Company. They shall make up a collective body which <del>must</del> <u>shall</u> be composed of an odd number of members. If necessary for such purpose, the director having the least length of service since appointment <u>or, in case of equal length, the director who is younger,</u> shall cease to hold office.
2. During the liquidation period, the provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.	2. During the liquidation period, the provisions of these <i>By-Laws</i> governing the call to and holding of General Shareholders' Meetings shall be complied with, and the shareholders shall be informed of the progress of the liquidation, so that the shareholders may adopt such resolutions as they deem appropriate.
3. All liquidating operations shall be carried out with due observance of applicable law.	3. All liquidating operations shall be carried out with due observance of <del>applicable</del> <u>the provisions of</u> law.
<b>Article 65. Supervening Assets and Liabilities</b>	<del><b>Article 65. Supervening Assets and Liabilities</b></del>
1. If corporate property appears after the entries relating to the Company have been cancelled, the liquidators shall assign to the former shareholders the additional share to which they may be entitled, for which purpose such property shall be first converted into cash where	<del>1. If corporate property appears after the entries relating to the Company have been cancelled, the liquidators shall assign to the former shareholders the additional share to which they may be entitled, for which purpose such property shall be first converted into cash where</del>

necessary.	<del>necessary.</del>
After the passage of six (6) months from the date on which the liquidators were required to comply with the provisions of the foregoing without the former shareholders having been assigned the additional share, or in the absence of liquidators, any interested party may file a petition with the Court of First Instance of the Company's last registered office for the appointment of a person to replace the liquidators in the performance of their duties.	<del>After the passage of six (6) months from the date on which the liquidators were required to comply with the provisions of the foregoing without the former shareholders having been assigned the additional share, or in the absence of liquidators, any interested party may file a petition with the Court of First Instance of the Company's last registered office for the appointment of a person to replace the liquidators in the performance of their duties.</del>
2. The former shareholders shall be jointly and severally liable for all unpaid corporate liabilities up to the amount of what they may have received as their share in liquidation, without prejudice to the liability of the liquidators in the event of fraudulent or negligent conduct.	<del>2. The former shareholders shall be jointly and severally liable for all unpaid corporate liabilities up to the amount of what they may have received as their share in liquidation, without prejudice to the liability of the liquidators in the event of fraudulent or negligent conduct.</del>
3. In order to comply with formal requirements relating to legal acts performed prior to the cancellation of the entries of the Company, or whenever necessary, the former liquidators may formalise legal acts in the name of the defunct Company following its cancellation in the register. In the absence of liquidators, any interested party may file a petition for formalisation by the Court of First Instance of the place where the last registered office of the Company was located.	<del>3. In order to comply with formal requirements relating to legal acts performed prior to the cancellation of the entries of the Company, or whenever necessary, the former liquidators may formalise legal acts in the name of the defunct Company following its cancellation in the register. In the absence of liquidators, any interested party may file a petition for formalisation by the Court of First Instance of the place where the last registered office of the Company was located.</del>
<b>TITLE V. FINAL PROVISIONS</b>	<del><b>TITLE V. FINAL PROVISIONS</b></del>
<b>Sole Final Provision. Jurisdiction for the Resolution of Disputes</b>	<del><b>Sole Final Provision. Jurisdiction for the Resolution of Disputes</b></del>
In connection with all litigious disputes	<del>In connection with all litigious disputes</del>

<p>that may arise between the Company and the shareholders with regard to the corporate affairs, both the Company and the shareholders waive the right to resort to their own jurisdiction and expressly submit to the jurisdiction of the courts of the place where the Company's registered office is located, except in those cases in which another jurisdiction is imposed by law.</p>	<p><del>that may arise between the Company and the shareholders with regard to the corporate affairs, both the Company and the shareholders waive the right to resort to their own jurisdiction and expressly submit to the jurisdiction of the courts of the place where the Company's registered office is located, except in those cases in which another jurisdiction is imposed by law.</del></p>
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