



ITEM ONE ON THE AGENDA

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

RESOLUTION

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

ITEM TWO ON THE AGENDA

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

RESOLUTION

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

ITEM THREE ON THE AGENDA

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

RESOLUTION

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

ITEM FOUR ON THE AGENDA

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

RESOLUTION

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

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

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

ITEM FIVE ON THE AGENDA

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

RESOLUTION

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

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

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

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

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

BASIS FOR DISTRIBUTION:

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

DISTRIBUTION:

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

ITEM SIX ON THE AGENDA

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

RESOLUTION

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

1. Increase in Capital with a Charge to Reserves

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

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

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

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

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

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

2. New Shares to Be Issued

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

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

where:

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

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

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

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

where:

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

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

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

3. Free-of-charge Allocation Rights

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Representation of the New Shares

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

7. Rights Attaching to the New Shares

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

8. Shares on Deposit

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

9. Application for Admission to Trading

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

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

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

10. Implementation of the Increase in Capital

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

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

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

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

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

11. Delegation of Powers to Implement the Increase in Capital

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Increase in Capital with a Charge to Reserves

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

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

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

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

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

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

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

2. New Shares to Be Issued

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

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

where:

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

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

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

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

where:

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

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

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

3. Free-of-charge Allocation Rights

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Representation of the New Shares

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

7. Rights Attaching to the New Shares

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

8. Shares on Deposit

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

9. Application for Admission to Trading

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

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

10. Implementation of the Increase in Capital

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

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

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

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

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

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

11. Delegation of Powers to Implement the Increase in Capital

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM SEVEN ON THE AGENDA

Renewal of the Board of Directors.

RESOLUTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM EIGHT ON THE AGENDA

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

RESOLUTION

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

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

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

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

Chapter I. General Provisions

Article 1. Company Name

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

Article 2. Applicable Legal Provisions and Corporate Governance System

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

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

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

Article 3. Corporate Interest and Ethical Principles

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

Article 4. Object of the Company

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

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

Article 5. Duration

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

Article 6. Registered Office

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

Article 7. The Iberdrola Group

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

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

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

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

Article 8. Permanent Contact with Shareholders and Transparency

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

Article 9. Corporate Website

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

Chapter II. Share Capital and Shares

Article 10. Share Capital

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

Article 11. The Shares

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

Chapter III. The Shareholders

Article 12. Shareholder Status

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

Article 13. Involvement of the Shareholders

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

Article 14. The Shareholders and the Corporate Governance System

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

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

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

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

“TITLE II. THE GENERAL SHAREHOLDERS’ MEETING

Article 15. The General Shareholders’ Meeting

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

Article 16. Participation of the Shareholders

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

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

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

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

- k) The exclusion or limitation of pre-emptive rights.*
 - l) The authorisation for the derivative acquisition of the Company's own shares.*
 - m) The transformation, merger, split-off, or overall assignment of assets and liabilities, and the transfer of the registered office abroad.*
 - n) The dissolution of the Company and the appointment and removal of the liquidators.*
 - o) The approval of the final liquidating balance sheet.*
 - p) The issuance of debentures and other negotiable securities 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."*

ITEM NINE ON THE AGENDA

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

RESOLUTION

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

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

“PRELIMINARY TITLE

Article 1. Purpose

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

Article 2. Scope of Application and Effectiveness

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

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

Article 3. Dissemination

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

Article 4. Priority and Interpretation

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

Article 5. Amendment

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

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

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

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

TITLE I. FUNCTION, TYPES, AND POWERS

Article 7. Function

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

Article 8. Types

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

Article 9. Powers

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

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

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

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

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

"TITLE II. CALL TO THE GENERAL SHAREHOLDERS' MEETING

Article 10. Call to the General Shareholders' Meeting

1. *The General Shareholders' Meeting shall be formally called by the Board of Directors.*

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

Article 11. Announcement of Call to Meeting and Agenda

1. *The announcement of the call to meeting shall be published as much in advance as required by law, using at least the following media:*
 - a) *The Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) or one of the more widely circulated newspapers in Spain.*
 - b) *The website of the National Securities Market Commission.*
 - c) *The Company's corporate website.*
2. *The announcement of the call to meeting must contain all statements required by law in each case and must set forth:*
 - a) *The day, place, and time of the meeting upon first call and the agenda, with a statement of all matters to be dealt with.*
 - b) *A clear and specific description of the procedures and periods that the shareholders must observe in order to request the publication of a supplement to the call to the Annual General Shareholders' Meeting, submit well-founded proposals for resolutions, or exercise their rights to receive*

information, to cast an absentee vote, and to grant a proxy, upon the terms provided by law.

- c) The date on which the holders of the Company's shares must have them registered in their name in the corresponding book-entry register to be able to attend and vote at the General Shareholders' Meeting being called.*
- d) A statement of where and how the complete text of the documents to be submitted at the General Shareholders' Meeting can be obtained, particularly including the reports of the directors, of the auditors, and of the independent experts to be submitted and the complete text of the proposed resolutions submitted to the shareholders at the General Shareholders' Meeting for adoption.*
- e) The address of the Company's corporate website.*
- f) The attendance bonus that the Board of Directors may resolve to pay to shareholders appearing at the General Shareholders' Meeting in accordance with the policy approved for such purpose.*

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

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

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

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

The written notice of the exercise of such rights shall specify the name or the corporate name of the requesting shareholder or shareholders, and there shall be attached thereto such documentation as evidences the status thereof as

shareholder, in order for such information to be checked against that provided by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), as well as the contents of the item or items proposed. Under the circumstances set forth in letter a), the Board of Directors may require that the shareholder also attach the proposed resolution or resolutions and, if legally required, in the instances set forth in letters a) and b), the report or reports providing a rationale for the proposals.

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

Article 13. Availability of Information

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

Article 14. Corporate Website

1. *The Company shall use its corporate website to promote the informed participation of all shareholders at the General Shareholders' Meeting and to facilitate the exercise of their rights related thereto.*

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

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

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

1. *From the date of publication of the call to the General Shareholders' Meeting through and including the fifth day prior to the date provided for the first call to meeting, the shareholders may request in writing the information or clarifications that they deem are required or ask written questions that they deem pertinent regarding (i) the matters contained in the agenda for the meeting; (ii) information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting; and (iii) the audit report.*
2. *All such requests for information or questions may be made or asked by delivery of the request to the Company's registered office, or by delivery to the Company via mail or other means of electronic or long-distance data transmission sent to the address specified in the announcement of the call to meeting or, in the absence thereof, to the Office of the Shareholder (Oficina del Accionista). Requests shall be allowed that include the recognised electronic signature of the requesting party, the personal passwords referred to in letter c of article 19.2 below, or that use other mechanisms that the Board of Directors deems sufficient to ensure the authenticity and identity of the shareholder, after an express resolution adopted for such purpose.*

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

TITLE III. RIGHTS TO ATTEND AND TO PROXY REPRESENTATION

Article 16. Participation

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

Article 17. Attendance

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

Article 18. Other Attendees

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

Article 19. Right to Proxy Representation

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

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

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

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

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

- 5. *The chairman and the secretary of the Board of Directors or the chair of and the secretary for the General Shareholders' Meeting, from the constitution thereof, and the persons acting by delegation from either of them, shall have the broadest powers for verifying the identity of the shareholders and their representatives, verifying the ownership and status of their rights, and recognising the validity of the attendance, proxy, and absentee voting card or the instrument evidencing attendance or representation by proxy.*
- 6. *A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders' Meeting, whether in person or due to having cast an*

absentee vote on a date subsequent to that of the proxy, shall have the effect of revoking the proxy.

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

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

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

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

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

Article 20. Attendance, Proxy, and Absentee Voting Cards

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

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

2. *The proxy or voting instructions of the shareholders acting through brokers, representatives, or depositaries may be received by the Company through any valid system or means of long-distance communication, signed by the shareholder or by the entity. The entities may group together instructions received from shareholders and send them in a block to the Company, indicating the direction of such instructions.*
3. *If a broker, representative, or depositary sends to the Company an attendance, proxy, and absentee voting card or verification instrument of a shareholder duly*

identified in the document with the signature, stamp, and/or mechanical impression of the entity, and unless the shareholder expressly indicates otherwise, it shall be deemed that the shareholder has instructed such entity to exercise the proxy or voting right, as applicable, in the direction indicated in such card or instrument evidencing the proxy or vote. If there are questions regarding such instructions, it shall be deemed that the shareholder grants the proxy to the chairman of the Board of Directors with the scope set forth in these Regulations and that the shareholder gives specific instructions to vote in favour of the proposals made by the Board of Directors in connection with the items on the agenda of the call to meeting.

4. *In other respects, the other rules contained in the Corporate Governance System and those established by the Board of Directors in order to further develop such rules shall apply to the proxies and absentee votes referred to in this article.*
5. *All of the foregoing shall be without prejudice to the regulations applicable to the relations between financial intermediaries and their customers for purposes of the exercise of the rights to grant a proxy and to vote.*

TITLE IV. INFRASTRUCTURE AND EQUIPMENT

Article 21. Place of the Meeting

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

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

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

required by law, as well other measures deemed appropriate in light of the circumstances.

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

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

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

Article 24. Office of the Shareholder

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

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

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

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

“TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS’ MEETING

Article 25. Opening of the Premises and Monitoring Access Thereto

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

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

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

Article 26. Presiding Committee, Chair, and Secretary

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

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

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

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

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

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

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

The secretary for the General Shareholders' Meeting shall assist the chair generally and shall perform the following duties in particular:

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

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

Article 29. Establishment of a Quorum

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

Article 30. List of Attendees

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

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

Article 31. Shareholder Presentation Requests Identification

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

Article 32. Reports

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

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

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

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

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

Article 34. Shareholder Presentation Period

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

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

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

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

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

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

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

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

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

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

Article 37. Temporary Suspension

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

Article 38. Continuation

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

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

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

“TITLE VI. VOTING AND ADOPTION OF RESOLUTIONS

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

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

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

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

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

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

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

Article 40. Voting on Proposed Resolutions

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

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

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

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

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

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

Article 41. Approval of Resolutions and Announcement of Voting Results

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

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

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

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

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

TITLE VII. CLOSURE AND MINUTES OF THE MEETING

Article 42. Closure

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

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

Article 43. Minutes

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

TITLE VIII. SUBSEQUENT ACTS

Article 44. Publication of Resolutions

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

ITEM TEN ON THE AGENDA

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

RESOLUTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Ratification of Resolutions of the Board of Directors

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

5. Delegation of Powers

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

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

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

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

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

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

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

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

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

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

ITEM ELEVEN ON THE AGENDA

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

RESOLUTION

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

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

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

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

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

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

ITEM TWELVE ON THE AGENDA

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

RESOLUTION

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