

**REPORT FROM THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. REGARDING THE PROPOSAL UNDER ITEM 4 OF THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 1 JUNE 2011, AT FIRST CALL, AND 2 JUNE AT SECOND CALL (PROPOSAL TO AMEND THE ARTICLES OF INCORPORATION)**

**1. Purpose of the report**

This report is drafted by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereafter, the "**Company**") to justify the motion submitted for approval by the Ordinary General Meeting of Shareholders convened for 1 June 2011 at 16.00 hours at first call, and on 2 June, at the same time, at second call, under item **4** of the agenda, relating to the following issues:

In order for that proposal to be submitted for approval at the Ordinary General Meeting of Shareholders, the Company's Board of Directors is required to draft a written report in accordance with the provisions of article 286 of the Capital Companies Act ("CCA").

**2. Justification for the proposal**

The Board of Directors considers it necessary to amend the Articles of Incorporation, and it submits this proposal to the General Meeting for approval, in order to:

A) Adapt the Articles to recent changes in the legislation governing companies, particularly:

- The Consolidated Text of the Capital Companies Act, approved by Legislative Royal Decree 1/2010, of 2 July (hereafter "Consolidated Text of the Capital Companies Act" or the "Capital Companies Act")
- Act 12/2010, of 30 June, amending the Audit Act and the Securities Market Act, among others
- Royal Decree-Act 13/2010, of 3 December, on tax, labour and liberalising measures to promote investment and job creation, and
- Act 2/2011, of 4 March, on the Sustainable Economy.

B) To make certain technical corrections and harmonise the Articles with the Company's other internal regulations.

Below are listed the Articles whose amendment is proposed, grouped on the basis of the type of amendment as indicated above:

**One.- Adaptation to the Capital Companies Act.-**

- Replace references to “Public Limited Companies Act” with “Capital Companies Act”: articles 1,7, 8, 10,18, 19, 25, 42, 43 and 45.
- Adaptation to the *“regularisation, clarification and harmonisation”* of the texts of the Public Limited Companies Act and the Limited Liability Companies Act by the Capital Companies Act:
  - Adding to the title of Article 4 (Article 4. Domicile) the expression “and branches”, and indicating that the Board of Directors can close and move branches.
  - Replacing the expression *“censurar” la gestión social*, with *“aprobar”* [this change does not affect the English translation] (article 13. Types of General Meetings).
  - Adding to article 14 (Meeting Announcements) that the announcement must indicate “the name of the company” (article 174 of the Capital Companies Act).
  - Article 16: the contents of articles 168 and 169 of the Capital Companies Act are included (Application by a minority to call a meeting, and calling of a meeting by court order, respectively), using the same expressions.
  - By making use of the provision of article 175 of the Capital Companies Act, (Meeting venue), to amend article 20 to enable the Board of Directors to hold the General Meeting in a different city from where the domicile is located, if this is in the shareholders' interests. Also, the expression *“and time”* is added, in accordance with article 174 of the Capital Companies Act.
  - Article 24 of the Articles of Incorporation (Deliberations. Resolutions. Minutes): The wording has been made more precise, in line with the expressions used in the Capital Companies Act. Additionally, the Articles will now provide for separate votes on the appointment of each director. The Company has in fact been applying separate voting of these motions for some years, in line with the corporate

governance recommendations set out in article 15.3.e) of the Rules of the General Meeting of Shareholders, now enshrined in the Articles.

- Article 25 of the Articles of Incorporation (Powers of the General Meeting). Adapted to the provisions of article 164 of the Capital Companies Act.
- Article 29: it now specifies that a director that is a legal person must appoint a natural person as its *permanent representative*.

## **Two. Adaptation to Act 12/2010, of 30 June, amending the Audit Act and the Securities Market Act, among others.**

Section two of Final Provision Four of Act 12/2010 amends sections 2 and 4 of Additional Provision Eighteen of the Securities Market Act, which now reads as follows:

*"2. At least a majority of the members of the Audit Committee must be non-executive directors or, in the case of an equivalent body, members of same who do not have management or executive functions in the entity and do not have a contractual relationship other than that for which they were appointed. They will be appointed, in any event, by the Board of Directors or equivalent body on the basis of the entity's legal nature. **At least one of the members of the Audit Committee must be independent and will be appointed on the basis of his/her knowledge and experience in accounting, auditing, or both.***

**4. The number of members, the powers and the rules of that Committee will be established in the Articles or, as appropriate, in the rules governing the entity, and they must favour its independence. Its basic functions will include at least the following:**

1. *Informing the General Meeting of Shareholders or equivalent body, based on the nature of the entity, on the questions raised that fall within its scope of authority.*
- 2.- *Monitoring the effectiveness of the Company's internal control, internal audit, and, where appropriate, risk management systems, and discussing with the company's auditors any significant weaknesses in the internal control system detected during the audit.*
- 3.- *Supervising the process of drawing up and presenting the regulated financial information.*
4. *Proposing to the governing body, for referral to the General Meeting of Shareholders or corresponding equivalent body, depending on the entity's legal nature, the appointment of auditors or audit firms, in accordance with the regulations applicable to the entity.*

5. *Establishing appropriate relationships with the company's auditors to receive information about matters that might jeopardise their independence, for review by the Committee, and any other matters related to the audit process as well as other communications envisaged in the audit legislation and technical audit standards. In any event, they must receive annually from the company's auditors written confirmation of their independence with respect to the entity and to entities directly or indirectly related to it, as well as information on any additional services provided to those entities by the auditors or by persons or entities related to the auditors, as provided for in Act 19/1988, of 12 July, on Audits.*

6. *Issuing an annual statement on the independence of the auditors or audit firms each year prior to the issuance of the auditors' report. This report will address the provision of additional services referred to in the preceding section."*

The new wording of Article 39.2 of the Articles of Incorporation reflects the amendment of Additional Provision Eighteen of the Securities Market Act set out above.

### **Three.- Adaptation to Royal Decree-Act 13/2010, of 3 December.-**

Among the measures adopted by this Royal Decree-Act to reduce the costs of companies, it amended article 173 of the Capital Companies Act (Form of giving notice of the General Meeting), whose paragraph 1 was reworded as follows:

"Article 173. Form of giving notice.

1. The General Meeting shall be called by **notice published in the "Official Bulletin of the Commercial Registry" and on the company's website**, or, if there is no website, in one of the newspapers with the largest circulation in the province where the company is domiciled."

The proposed new wording of article 14 of the Articles of Incorporation reflects this amendment.

### **Four.- Adaptation to the Sustainable Economy Act.-**

Act 2/2011, of 4 March, on the Sustainable Economy, establishes among other measures (Final Provision Five) that:

*"With the Annual Corporate Governance Report, the Board of Directors of a listed company must draw up an annual report on its directors' remuneration which must include full, clear, comprehensible information on the company's remuneration policy approved by the Board for the*

current year and for future years, if appropriate. It must also contain an overview of how the policy was applied during the year, and the breakdown of individual remuneration accrued by each director." (new article 61 ter of the Securities Market Act)

A new final paragraph to be added to article 37 of the Articles ("Remuneration") reflects this obligation imposed on the Board.

**Five.- Corrections of a technical nature and for harmonisation with other internal regulations.**

- Article 30: Possibility of calling a meeting of the Board of Directors by e-mail, in addition to the means already provided in that article.

Attached as an annex is a side-by-side comparison of the current wording of the Articles and the proposed new wording, with changes marked in red.

Madrid, 7 April 2011

<p><b>ARTICLES OF INCORPORATION OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.</b></p> <p><b><u>TITLE ONE</u></b></p> <p><b><u>GENERAL PROVISIONS</u></b></p> <p><b><u>Article 1.- Name</u></b></p> <p>These articles of incorporation contain the rules by which the Company "FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A." is governed. In addition to these articles, the Public Limited Companies Act and other mercantile provisions shall have ancillary application.</p> <p><b><u>Article 2.- Corporate Purpose</u></b></p>	<p><b>ARTICLES OF INCORPORATION OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.</b></p> <p><b><u>TITLE ONE</u></b></p> <p><b><u>GENERAL PROVISIONS</u></b></p> <p><b><u>Article 1.- Name</u></b></p> <p>These articles of incorporation contain the rules by which the Company "FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A." is governed. The <del>Public Limited Companies Act</del> <b>Capital Companies Act</b> and other mercantile legislation shall apply on a supplementary basis.</p> <p><b><u>Article 2.- Corporate purpose</u></b></p>
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<p>The corporate purpose of the Company is as follows:</p> <ol style="list-style-type: none"> <li>1) Constructing, executing and maintaining public and private structures and operating all types of infrastructures.</li> <li>2) Providing sanitation, cleaning, management, maintenance and repair services for public and private buildings, infrastructures, vessels, aircraft and in general all kinds of public or private installations. Providing all kinds of services on behalf of public administrations, which may include collaborating on the tasks inherent to the collection management of government agencies, provided that it does not involve exercising authority or guarding public funds.</li> <li>3) Designing, researching, developing, building, operating, maintaining and commercialising wastewater treatment and purification plants. Supplying, transforming and commercialising all kinds of water.</li> <li>4) Waste management and pollution control and any advisory, research or consulting activity related thereto. Designing, researching, developing, operating, maintaining and commercialising recycling plants and installations and waste recovery, elimination and storage facilities or transfer stations for waste or contaminated soil, and purchasing and selling the by-products obtained from such treatments and all types of waste.</li> <li>5) Establishing and operating factories of cement, lime, plaster and precasts derived from these products, as well as concrete factories and creating and operating other industries related to these products.</li> </ol>	<p>The corporate purpose of the Company is as follows:</p> <ol style="list-style-type: none"> <li>1) Constructing, executing and maintaining public and private structures and operating all types of infrastructures.</li> <li>2) Providing sanitation, cleaning, management, maintenance and repair services for public and private buildings, infrastructures, vessels, aircraft and in general all kinds of public or private installations. Providing all kinds of services on behalf of public administrations, which may include collaborating on the tasks inherent to the collection management of government agencies, provided that it does not involve exercising authority or guarding public funds.</li> <li>3) Designing, researching, developing, building, operating, maintaining and commercialising wastewater treatment and purification plants. Supplying, transforming and commercialising all kinds of water.</li> <li>4) Waste management and pollution control and any advisory, research or consulting activity related thereto. Designing, researching, developing, operating, maintaining and commercialising recycling plants and installations and waste recovery, elimination and storage facilities or transfer stations for waste or contaminated soil, and purchasing and selling the by-products obtained from such treatments and all types of waste.</li> <li>5) Establishing and operating factories of cement, lime, plaster and precasts derived from these products, as well as concrete factories and creating and operating other industries related to these products.</li> </ol>
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<p>Investigating and mining mineral deposits; acquiring, using, enjoying permits, concessions and other mining rights and interests; industrialising and commercialising the mining products derived from such rights.</p> <p>6) Promoting and selling plots, land, residential complexes, housing developments, commercial and office space and in general any kind of real estate. Operating such properties under leases or any other arrangement not involving the transmission of ownership and providing consulting, administration and management services for third party property owners.</p> <p>7) Studying, designing, acquiring, assigning, disposing of, promoting, advising, administering, managing, and operating shopping centres under leasing agreements or other arrangements.</p> <p>8) Designing, building, quality assurance, buying, selling, supplying, importing, exporting, leasing, maintaining, repairing, distributing, representing and operating, including advertising, of urban furniture and components in the broadest sense of the term, and signalling elements, both in cities and towns and on intercity roadways, as well as machinery and its components, tools, vehicles, installations, materials and equipment.</p> <p>9) Creating, designing, buying, selling, operating and assigning patents, models, trademarks, licenses and other types of industrial or intellectual property.</p> <p>10) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating</p>	<p>Investigating and mining mineral deposits; acquiring, using, enjoying permits, concessions and other mining rights and interests; industrialising and commercialising the mining products derived from such rights.</p> <p>6) Promoting and selling plots, land, residential complexes, housing developments, commercial and office space and in general any kind of real estate. Operating such properties under leases or any other arrangement not involving the transmission of ownership and providing consulting, administration and management services for third party property owners.</p> <p>7) Studying, designing, acquiring, assigning, disposing of, promoting, advising, administering, managing, and operating shopping centres under leasing agreements or other arrangements.</p> <p>8) Designing, building, quality assurance, buying, selling, supplying, importing, exporting, leasing, maintaining, repairing, distributing, representing and operating, including advertising, of urban furniture and components in the broadest sense of the term, and signalling elements, both in cities and towns and on intercity roadways, as well as machinery and its components, tools, vehicles, installations, materials and equipment.</p> <p>9) Creating, designing, buying, selling, operating and assigning patents, models, trademarks, licenses and other types of industrial or intellectual property.</p> <p>10) Studying, planning, buying, assigning, disposing of, developing, advising,</p>
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<p>geriatric residences.</p> <p>11) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the food sector.</p> <p>12) Providing technical engineering services, including projects, studies and reports, as well as pre-investment studies, quality control, internal audits and electronic data operation.</p> <p>13) Designing, manufacturing, installing, assembling, buying, selling, supplying, importing, exporting, leasing, maintaining, distributing, representing and operating electrical, computer, electronic, and telecommunications services and designing, researching, development and commercialising products related to such services.</p> <p>14) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the energy sector.</p> <p>15) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating passenger and merchandise transport services, including medical transport services of sick in specially-equipped vehicles, all kinds of bus and train stations, airports and ports and providing all kinds of services to transportation companies. Managing, operating and maintaining all kinds of parking areas and providing vehicle removal and towing services.</p> <p>16) Studying, planning, buying, assigning,</p>	<p>administering, managing and operating geriatric residences.</p> <p>11) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the food sector.</p> <p>12) Providing technical engineering services, including projects, studies and reports, as well as pre-investment studies, quality control, internal audits and electronic data operation.</p> <p>13) Designing, manufacturing, installing, assembling, buying, selling, supplying, importing, exporting, leasing, maintaining, distributing, representing and operating electrical, computer, electronic, and telecommunications services and designing, researching, development and commercialising products related to such services.</p> <p>14) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the energy sector.</p> <p>15) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating passenger and merchandise transport services, including medical transport services of sick in specially-equipped vehicles, all kinds of bus and train stations, airports and ports and providing all kinds of services to transportation companies. Managing, operating and maintaining all kinds of parking areas and providing vehicle removal and towing services.</p>
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<p>disposing of, developing, advising, managing and operating businesses related to logistics sector.</p> <p>17) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating business related to the tourism and entertainment industry.</p> <p>18) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating cemeteries and morgues.</p> <p>19) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating businesses related to the financial services sector.</p> <p>20) Participating in other companies or enterprises, domestic or foreign, by subscribing, acquiring, negotiating and possessing shares, participations and other titles, whether fixed or variable income. Under no circumstances shall the company participate in the activities reserved for collective investment institutions and companies regulated by Law 35/2003 of 4 November on collective investment institutions.</p> <p>The Company may participate in the activities mentioned above, on its own, both in Spain and abroad, or through interests in other domestic or foreign companies with analogous or identical corporate purposes. Such interests may include subscribing, purchasing or acquiring, by any legally acceptable means, mercantile bonds or securities entitling the owner to participate in the share capital</p>	<p>16) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating businesses related to logistics sector.</p> <p>17) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating business related to the tourism and entertainment industry.</p> <p>18) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating cemeteries and morgues.</p> <p>19) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating businesses related to the financial services sector.</p> <p>20) Participating in other companies or enterprises, domestic or foreign, by subscribing, acquiring, negotiating and possessing shares, participations and other titles, whether fixed or variable income. Under no circumstances shall the company participate in the activities reserved for collective investment institutions and companies regulated by Law 35/2003 of 4 November on collective investment institutions.</p> <p>The Company may participate in the activities mentioned above, on its own, both in Spain and abroad, or through interests in other domestic or foreign companies with analogous or identical corporate purposes. Such interests may include subscribing, purchasing or acquiring, by any legally acceptable means, mercantile bonds or securities</p>
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or the profits of such companies, as well as other business association arrangements.

Those activities for which the law establishes special requirements with which the Company does not comply are excluded.

#### **Article 3.- Duration**

The Company was incorporated for an indefinite period of time, having commenced its operations on the date of signing of the deed of incorporation.

#### **Article 4. Domicile**

The Company has its domicile in the city of Barcelona, at Balmes, 36. The Board of Directors is authorised to set up branch offices, regional offices, agencies, establishments, factories, or representations at any other town in Spain or abroad, and also to change the Company's registered offices within the same city, modifying this article to set on record the new corporate domicile which, by reason of such transfer, the Company may have.

### **TITLE TWO**

#### **SHARE CAPITAL AND SHARES**

#### **Article 5. Share Capital**

The share capital is ONE HUNDRED AND TWENTY SEVEN MILLION THREE HUNDRED AND THREE THOUSAND TWO HUNDRED AND NINETY SIX (127,303,296) euros, represented by one hundred and twenty seven million three hundred and three thousand two hundred and ninety six (127,303,296)

entitling the owner to participate in the share capital or the profits of such companies, as well as other business association arrangements.

Those activities for which the law establishes special requirements with which the Company does not comply are excluded.

#### **Article 3.- Duration**

The Company was incorporated for an indefinite period of time, having commenced its operations on the date of signing of the deed of incorporation.

#### **Article 4. Domicile and branches**

The Company has its domicile in the city of Barcelona, at calle Balmes, 36. The Board of Directors is authorised to set up, **close and move** branch offices, regional offices, agencies, establishments, factories, or representative offices in any town in Spain or abroad, and also to change the Company's registered offices within the same city, and to amend this article to reflect the Company's new domicile as a result of such a change.

### **TITLE TWO**

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<p>shares with a par value of one euro each.</p> <p>The shares are fully subscribed and paid up.</p> <p><b><u>Article 6. Shares</u></b></p> <p>The shares are represented by account entries and shall be governed by the provisions of the regulations governing the stock exchange. Each share entitles the owner to one vote.</p> <p><b><u>Article 7. Transfer of Shares</u></b></p> <p>The shares will be transferable under all legally acceptable means, from the time indicated in the Public Limited Companies Act. Foreign individuals or legal entities may subscribe or acquire shares in the Company under the terms and conditions set forth in the governing provisions at any given time.</p> <p><b><u>Article 8. Non-voting Shares</u></b></p> <p>The Company may issue shares without voting rights for a nominal amount not in excess of one-half of the paid up share capital.</p> <p>Holder of shares without voting rights shall be entitled to receive a minimum annual dividend of five percent (5%) of the paid up capital per non-voting share, this payment subject to the provisions of Public Limited Companies Act which shall apply to all matters concerning such shares.</p> <p><b><u>Article 9. Co-ownership of Shares</u></b></p> <p>The shares are indivisible. The co-owners of a share are jointly and severally liable to the Company for any and all obligations derived from the fact that they are shareholders. Co-owners shall appoint a single person to exercise on their behalf the rights</p>	<p>shares with a par value of one euro each.</p> <p>The shares are fully subscribed and paid up.</p> <p><b><u>Article 6. Shares</u></b></p> <p>The shares are represented by account entries and shall be governed by the provisions of the regulations governing the stock exchange. Each share entitles the owner to one vote.</p> <p><b><u>Article 7. Transfer of Shares</u></b></p> <p>The shares will be transferable under all legally acceptable means, from the time indicated in the <del>Public Limited Companies Act</del> <b>Capital Companies Act</b>. Foreign individuals or legal entities may subscribe or acquire shares in the Company under the terms and conditions set forth in the governing provisions at any given time.</p> <p><b><u>Article 8. Non-voting Shares</u></b></p> <p>The Company may issue shares without voting rights for a nominal amount not in excess of one-half of the paid up share capital.</p> <p>Holder of shares without voting rights shall be entitled to receive a minimum annual dividend of five percent (5%) of the paid up capital per non-voting share, this payment being subject to the provisions of the <del>Public Limited Companies Act</del> <b>Capital Companies Act</b>, which shall apply to all matters concerning such shares.</p> <p><b><u>Article 9. Co-ownership of Shares</u></b></p> <p>The shares are indivisible. The co-owners of a share are jointly and severally liable to the Company for any and all obligations derived from the fact that they are shareholders. Co-owners shall appoint a single person to exercise on their behalf the rights</p>
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inherent to their shareholder status. The same rule shall apply to all other situations of co-ownership of rights to shares.

**Article 10. Usufruct, Pledge and Seizure of Shares**

In the case of usufruct of shares, the shareholder status rests in the bare proprietor, but the usufructuary shall be entitled to the dividends agreed by the Company during the usufruct period. The exercise of all other shareholder rights corresponds to the usufructuary. The relationship between the usufructuary and the bare proprietor shall be governed by the provisions of the usufruct arrangement or, in the absence thereof, by the provisions of the Public Limited Companies Act or, in the absence thereof, by the applicable provisions of Civil Law.

If the shares are pledged or seized, the provisions of the Public Limited Companies Act shall apply.

**TITLE THREE**  
**COMPANY GOVERNANCE**

**Article 11. Governing Bodies**

The governance and administration of the Company rests with the General Shareholders Meeting and the Board of Directors appointed by the shareholders.

**Section 1.- The General Shareholders Meeting**

**Article 12. The General Shareholders Meeting**

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**Article 10. Usufruct, Pledge and Seizure of Shares**

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If the shares are pledged or seized, the provisions of the ~~Public Limited Companies Act~~ **Capital Companies Act** shall apply.

**TITLE THREE**  
**COMPANY GOVERNANCE**

**Article 11. Governing Bodies**

The governance and administration of the Company rests with the General Shareholders Meeting and the Board of Directors appointed by the shareholders.

**Section 1.- The General Shareholders Meeting**

**Article 12. The General Shareholders Meeting**



The shareholders, duly convened in a General Shareholders Meeting, shall decide by majority vote the matters falling under their competence. All shareholders, including dissidents and those who have not taken part at the meeting, shall be bound by the resolutions passed by the General Meeting, without prejudice of rights to separate and to challenge provided for under the Law.

The General Shareholders Meeting shall approve a set of regulations governing all of the matters falling under its competence as provided for under the Law and in these Articles.

**Article 13. Types of General Meetings**

The General Meetings may be ordinary or extraordinary and shall be convened by the Company's directors.

An ordinary General Meeting shall necessarily be held within the first six (6) months of each financial year to examine the management of the company and to approve, where applicable, the accounts for the previous financial year and to decide on the application of profits/losses. At this meeting the shareholders may also pass any other resolution put up to vote which is included on the meeting agenda.

The Ordinary General Shareholders Meeting shall be valid even if it is convened or held outside the required period.

Any meeting other than the one described in the preceding paragraph shall be considered an Extraordinary General Meeting.

**Article 14. Meeting Announcements**

General Meetings, whether ordinary or extraordinary, shall be convened by placing an

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The General Shareholders Meeting shall approve a set of regulations governing all of the matters falling under its competence as provided for under the Law and in these Articles.

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An ordinary General Meeting shall necessarily be held within the first six (6) months of each financial year to approve, as appropriate, the management of the company and the accounts for the previous financial year **and to** decide on the application of profits/losses. At this meeting the shareholders may also pass any other resolution put up to vote which is included on the meeting agenda.

The ordinary General Meeting of Shareholders shall be valid even if it is convened or held outside the required period.

Any meeting other than the one described in the preceding paragraph shall be considered an extraordinary General Meeting.

**Article 14. Meeting Announcements**

General Meetings, whether ordinary or extraordinary, shall be convened by placing an



announcement in the Official Gazette of the Business Register and in one of the daily newspapers with the greatest circulation in the province at least one month in advance of the meeting date. The announcement may also indicate an alternate meeting date. There must be at least twenty-four (24) hours between the scheduled meeting date and the alternate meeting date.

The announcement shall indicate the place, date and time of the General Meeting and the issues to be addressed. It shall also indicate the right of shareholders to examine the documentation to be submitted to shareholders for approval at the Company's registered offices and the right to obtain, immediately and free of charge, copies of such documents as well as the Auditors' report and the corresponding technical reports.

Shareholders who own at least 5% of capital may request that a supplement be added to the meeting announcement, adding one or more items to the agenda. The shareholders who wish to exercise that right must send that supplement via certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement must be published at least fifteen days prior to the scheduled meeting date.

**Article 15. Universal General Meeting**

Notwithstanding the provisions of the preceding article, the General Meeting shall be deemed called and it shall be validly formed to discuss any matter, provided that the whole share capital is present or represented at the meeting and the attendees unanimously agree to hold the meeting.

**Article 16. Authority and Obligation to Call**

announcement in the Official Gazette of the Business Register **and on the company's website** ~~and in one of the daily newspapers with the greatest circulation in the province~~ at least one month in advance of the meeting date. The announcement may also indicate an alternate meeting date. There must be at least twenty-four (24) hours between the scheduled meeting date and the alternate meeting date.

The announcement shall indicate **the name of the company**, the place, date and time of the General Meeting and the issues to be addressed. It shall also indicate the right of shareholders to examine the documentation to be submitted to shareholders for approval at the Company's registered offices and the right to obtain, immediately and free of charge, copies of such documents as well as the Auditors' report and the corresponding technical reports.

Shareholders who own at least 5% of capital may request that a supplement to the meeting announcement be published such as to add one or more items to the agenda. The shareholders who wish to exercise that right must send that supplement by certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement to the notice of meeting must be published at least 15 days prior to the date specified for the meeting.

**Article 15. Universal General Meeting**

Notwithstanding the provisions of the preceding article, the General Meeting shall be deemed called and it shall be validly formed to discuss any matter, provided that the whole share capital is present or represented at the meeting and the attendees unanimously agree to hold the meeting.

**Article 16. Authority and Obligation to Call**



**General Meetings**

The Directors may convene an Extraordinary General Meeting as necessary in the best interest of the Company. They shall also convene an Extraordinary General Meeting when requested by shareholders representing five percent (5%) of the share capital, expressing in the request the issues to be addressed at the meeting. In this case, the meeting shall be convened within thirty (30) days of the receipt by the Directors of the notarised request. The Directors shall necessarily include in the agenda of the meeting the issues referred to in the request.

**Article 17. Formation of the General Meeting**

The Ordinary and Extraordinary General Meeting will be validly convened, in the first call, when the shareholders present or represented account for at least fifty percent (50%) of the subscribed capital with voting rights; the meeting shall be validly convened in the second call when the shareholders present or represented account for at least forty-five

**General Meetings**

The Directors may convene an extraordinary General Meeting as necessary in the best interests of the Company. They shall also convene an extraordinary General Meeting if so requested by shareholders representing five percent (5%) of the share capital, who must indicate in their request the issues to be addressed at the meeting.

In this case, \*\*\*\*the meeting shall be convened\*\*\*the Directors must give notice of the General Meeting within thirty (30) days of the receipt by the Directors of the notarised request. The Directors shall necessarily include in the agenda of the meeting the issues referred to in the request\*\*\*\*\*

If the General Meeting is not called within the period established by law or in the Articles of Incorporation, it may be called, at the petition of any shareholder, by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.

If the directors fail to call a General Meeting at the request of a minority, it may be called by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.

**Article 17. Formation of the General Meeting**

The ordinary and extraordinary General Meeting will be validly convened, in the first call, when the shareholders present or represented account for at least fifty percent (50%) of the subscribed capital with voting rights; the meeting shall be validly convened in the second call when the shareholders present or represented account for at least forty-five



(45%) of the subscribed capital with voting rights.

Notwithstanding the provisions of the previous paragraph, in order for the Ordinary or Extraordinary General Meeting of Shareholders to validly resolve resolutions on debenture issues, capital increases or decreases, the transformation, merger or spin-off of the Company, globally assignment of assets and liabilities, suspend or limit pre-emptive rights of new shares, the transfer of the corporate address abroad, and, in general, any modification of the Articles of Incorporation, it shall be necessary for shareholders accounting for at least fifty percent (50%) of the subscribed capital with voting rights to be present or represented in the first call, and in the second call, it shall suffice the attendance of forty-five percent (45%) of the subscribed capital with voting rights.

When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed capital with voting right, the resolutions referred to in the previous paragraph may only be validly resolved with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

**Article 18. Legitimization for attending General Meetings.**

Shareholders possessing one or more shares, including those without voting rights, will be entitled to attend the General Meeting, provided that the ownership of the shares is registered in the ledger of account entries at least five days in advance of the Meeting date and the shareholder accredits such ownership at the Company's registered offices or any other location indicated by the Company, by exhibiting the pertinent certificate or attendance card issued by the Company, or in any other form

(45%) of the subscribed capital with voting rights.

Notwithstanding the provisions of the previous paragraph, in order for the ordinary or extraordinary General Meeting of Shareholders to validly resolve resolutions on debenture issues, capital increases or decreases, the transformation, merger or spin-off of the Company, globally assignment of assets and liabilities, suspend or limit pre-emptive rights of new shares, the transfer of the corporate address abroad, and, in general, any modification of the Articles of Incorporation, it shall be necessary for shareholders accounting for at least fifty percent (50%) of the subscribed capital with voting rights to be present or represented in the first call, and in the second call, it shall suffice the attendance of forty-five percent (45%) of the subscribed capital with voting rights.

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<p>permitted by law.</p> <p>Directors, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings upon request. Company directors shall be obliged to attend. For any matter not specifically addressed in this Article with regard to the right to attend General meetings, the provisions of the Public Limited Companies Act shall apply.</p> <p>Shareholders may attend and vote at the General Meeting of Shareholders and appoint representatives by means of distance communication, in accordance with the Rules of the General Meeting of Shareholders, provided that the governing body so decides.</p> <p>When each General Shareholders Meeting is announced, the Board of Directors will evaluate whether there are distance communication methods available that permit the shareholders to vote and/or delegate their votes remotely, duly guaranteeing the identity of the shareholder exercising the right to vote or, in the case of a proxy, the identity of the principal and agent and whether the use of such methods is feasible. If the Board of Directors determines that such methods are available and can be used, it will mention this in the announcement, specifying the communication methods that shareholders may use to exercise their representation rights, exercise or delegate their vote and attendance. It shall also contain the deadlines, forms and ways in which shareholders can attend the Meeting by electronic or telematic means.</p> <p><b><u>Article 19. Representation</u></b></p> <p>Any shareholder entitled to attend the General</p>	<p>permitted by law.</p> <p>Directors, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings when asked to do so. Company directors shall be obliged to attend. For any matter not specifically addressed in this Article with regard to the right to attend General meetings, the provisions of the <del>Public Limited Companies Act</del> <b>Capital Companies Act</b> shall apply.</p> <p>Shareholders may attend and vote at the General Meeting and appoint representatives by means of distance communication, in accordance with the Rules of the General Meeting of Shareholders, provided that the governing body so decides.</p> <p>When each General Meeting is announced, the Board of Directors will evaluate whether there are distance communication methods available that permit the shareholders to vote and/or delegate their votes remotely, while duly guaranteeing the identity of the shareholder exercising the right to vote or, in the case of a proxy, the identity of the principal and proxy, and whether the use of such methods is feasible. If the Board of Directors determines that such methods are available and can be used, it will mention this in the announcement, specifying the communication methods that shareholders may use to exercise their representation rights, exercise or delegate their vote and attendance. It shall also contain the deadlines, forms and ways in which shareholders can attend the Meeting by electronic or telematic means, where this possibility is allowed.</p> <p><b><u>Article 19. Representation</u></b></p> <p>Any shareholder entitled to attend the General Meeting may be represented by another person,</p>
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Meeting may be represented by another person, who need not be a shareholder. The representation shall be conferred according to the terms and within the scope established in the Public Limited Companies Act, in writing, and in a special way for each General Meeting, except when the representative is a spouse, ascendant or descendant of the shareholder or of general attorney, with powers granted in a public instrument to administer all of the shareholder's assets in Spain.

Shareholders may also appoint representatives for each General Shareholders Meeting using the remote communication media which, duly guaranteeing the identity of both the representative and the represented shareholder, are determined by the Board of Directors as provided for in the Company's General Meeting Regulations.

The Chairman or the Secretary of the General Meeting, or the persons designated by them, shall have the authority to determine the validity of the representations granted and the fulfilment of the requirements to attend the General Meeting.

All representations shall always be revocable. Personal attendance at the meeting by the shareholder will be considered a revocation.

**Article 20. Venue and Time of the Meeting**

The General Meetings will be held in the city where the Company has its domicile on the date scheduled in the notice of call, although the sessions may be extended one or more days in a row if agreed by the shareholders at the request of the Directors or with the agreement of shareholders representing one-fourth of the share capital represented at the Meeting.

who need not be a shareholder. The representation shall be conferred according to the terms and within the scope established in the ~~Public Limited Companies Act~~ **Capital Companies Act**, in writing, and specifically for each General Meeting, except when the representative is a spouse, ascendant or descendant of the shareholder or holds a general power of attorney granted in a public instrument with powers to administer all of the shareholder's assets in Spain.

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**Article 20. Venue and Time of the Meeting**

The General Meetings will be held in ~~the city where the Company has its domicile on the date scheduled in the notice of call~~ **the Spanish city indicated by the governing body on the occasion of each notice of meeting**, on the date **and at the time** indicated in the notice, although the sessions may be extended one or more days in a row if agreed by the shareholders at the request of the Directors or with the agreement of shareholders representing one-fourth of the share



Regardless of the number of sessions, they will all be considered part of one meeting, drafting a single set of minutes for all of the sessions.

**Article 21. Chairman of the Meeting**

The General Meeting will be chaired by the Chairman of the Board of Directors or, in his absence, by a Vice-Chairman or, in the absence thereof, by the oldest board member.

The Secretary of the Board of Directors will act as the Secretary of the General meeting or, in his absence, the Vice-Secretary. If the Vice-Secretary is also absent, the shareholders at the meeting shall appoint a Secretary.

**Article 22. Attendance List**

Before discussing the agenda items, an attendance list will be drawn up, indicating the capacity in which each person present attends the meeting and the number of own or outside shares with which they attend.

At the end of the list a note will be made of the number of shareholders present or represented, as well as the share capital they possess, specifying the amount which corresponds to shareholders who have voting rights.

The Secretary, and in his absence the Vice-Secretary, shall be responsible for counting the votes.

**Article 23. Right to Information**

Shareholders may request from the Directors, either in writing or using other electronic or distance communication media, up to seven calendar days

capital represented at the Meeting.

Regardless of the number of adjournments, they will all be considered to constitute a single meeting, and a single set of minutes will be drawn up.

**Article 21. Chairman of the Meeting**

The General Meeting will be chaired by the Chairman of the Board of Directors or, in his absence, by a Vice-Chairman or, in the absence thereof, by the oldest board member.

The Secretary of the Board of Directors will act as the Secretary of the General meeting or, in his absence, the Vice-Secretary. If the Vice-Secretary is also absent, the shareholders at the meeting shall appoint a Secretary.

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The Secretary, and in his absence the Vice-Secretary, shall be responsible for counting the votes.

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Shareholders may request from the Directors, either in writing or using other electronic or distance communication media, up to seven calendar days



before the date it is scheduled to hold the General Meeting in first call, any information or clarifications they consider necessary, or formulate any questions they deem pertinent, regarding the matters contained in the agenda or about the information available to the public provided by the Company to the National Securities Market Commission since the last General Meeting was held. The information or clarifications so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or clarifications requested verbally from the Chairman by the shareholders regarding the matters contained in the agenda during the General Meeting itself, prior to examining and to discussing the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or clarifications refer to items falling under the competence of the Auditing Committee, they shall be provided by any one of the members or advisors to this Committee attending the meeting. If, in the Chairman's opinion, it is not possible to provide the shareholder with the requested information or clarification during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days from the date the General Meeting ended.

The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be harmful to the Company's interest.

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The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be harmful to the Company's interest.



This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

**Article 24. Deliberations. Resolutions. Minutes**

The Chairman will lead the Meeting and the deliberations, and shall grant the floor to all those shareholders who have requested this in writing and later to those who request this orally, until he considers that the matter has been sufficiently debated.

Each of the items of the agenda shall be subject to separate voting. Shareholders entitled to vote may cast their votes by post, electronically or using any other distance communication means determined by the Board of Directors in each case for each General Meeting which, duly guarantees the identity of the voting shareholder, as provided for in the Regulations of the General Shareholders Meeting.

Resolutions will be passed by majority vote of the shares present or represented at the meeting, except in those cases where the law requires a qualified majority. Each share shall be entitled to one vote.

The resolutions of the General Meeting, along with a summary of the items debated and the shareholders who have requested a record of their statements, shall be set down in the meeting minutes which shall comply with the legal requirements and shall be

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

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**Article 24. Deliberations. Resolutions. Minutes**

The Chairman will lead the Meeting and the deliberations, and shall grant the floor to all those shareholders who have requested this in writing and later to those who request this orally, until he considers that the matter has been sufficiently debated.

Each of the items of the agenda and any proposals to appoint members of the Board of Directors shall be voted on separately. Shareholders entitled to vote may cast their votes by post, electronically or using any other distance communication means determined by the Board of Directors in each case for each General Meeting which, duly guarantees the identity of the voting shareholder, as provided for in the Rules of the General Meeting.

Resolutions will be passed by simple majority vote of the shares present or represented at the meeting, except in those cases where the law requires a qualified majority. Each share shall be entitled to one vote.

The resolutions of the General Meeting, along with a summary of the items debated and the shareholders who have requested a record of their statements, shall be set down in the meeting minutes which shall



signed by the Secretary and counter signed by the Chairman, or their replacements. The Minutes may be approved by General meeting at the end of the session or within fifteen (15) days by the Chairman and two (2) auditors, one on behalf of the majority and the other on behalf of the minority.

The Minutes, approved in either of the ways mentioned above shall have executive force as from the date of approval.

Documents certifying the minutes and the resolutions of the General Meetings will be issued by the Secretary or the Vice-Secretary of the Board of Directors with the Chairman's approval or by the Vice-Chairman of the Board.

**Article 25. Powers of the General Meeting**

The powers of the General Meeting of Shareholders are all of those attributed to it by the Public Limited Companies Act.

In particular, it shall be the exclusive competence of the Ordinary General Meeting to examine the management of the company and to approve, where applicable, the annual accounts for the preceding financial year and to decide how to apply the profits/losses for the financial year.

Any other matter falling under the competence of the General meeting, either legally or in these articles of association, may be addressed in an ordinary or extraordinary session upon completion of all applicable legal requirements.

comply with the legal requirements and shall be signed by the Secretary and countersigned by the Chairman, or their substitutes. The Minutes may be approved by the General Meeting at the end of the session or within fifteen (15) days by the Chairman **of the General Meeting** and two (2) **shareholders**, one on behalf of the majority and the other on behalf of the minority.

The Minutes, approved in either of the ways mentioned above, shall have executive force as from the date of approval. **Notarial minutes shall not need to be approved.**

Documents certifying the minutes and the resolutions of the General Meetings will be issued by the Secretary or the Vice-Secretary of the Board of Directors and countersigned by the Chairman or Vice-Chairman of the Board.

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The powers of the General Meeting of Shareholders are all of those attributed to it by the ~~Public Limited Companies Act~~ **Capital Companies Act**.

approve, where applicable, the management of the company and the annual accounts for the preceding financial year and to decide how to apply the income for the year.

Any other matter falling under the competence of the General Meeting, either by law or in these Articles of Incorporation, may be addressed in an ordinary or extraordinary session upon completion of all applicable legal requirements.

<b><u>Section 2. The Board of Directors</u></b>	<b><u>Section 2. The Board of Directors</u></b>
<p data-bbox="178 465 593 497"><b><u>Article 26. The Board of Directors</u></b></p> <p data-bbox="178 537 791 981">The Board of Directors is the governing body in charge of the management, administration and representation of the Company, in and out of court, without prejudice of the powers attributed to the General Meeting, either by Law or these Articles of Incorporation. Its main activity focuses on the supervision and control of the ordinary management of the Company, which is carried out by the executive directors and senior managers, and the consideration of any issues of particular relevance to the Company.</p> <p data-bbox="178 1097 472 1128"><b><u>Article 27. Composition</u></b></p> <p data-bbox="178 1169 791 1361">The Board of Directors will have the adequate size to enable it to function in an efficient and participatory manner, and, accordingly, will be composed by a number of members not less than five and of not more than 22.</p> <p data-bbox="178 1406 791 1478">The General Meeting will decide the exact number of board members.</p> <p data-bbox="178 1523 791 1594"><b><u>Article 28. Appointment, re-appointment, ratification and separation of board members</u></b></p> <p data-bbox="178 1635 791 1706">The General Shareholders Meeting is responsible for appointing board members.</p> <p data-bbox="178 1751 791 1899">If during a term for which the Directors are appointed, any vacancy occurs, the Board may appoint, from among the shareholders, persons who shall occupy their offices until the next General</p>	<p data-bbox="817 465 1232 497"><b><u>Article 26. The Board of Directors</u></b></p> <p data-bbox="817 537 1430 981">The Board of Directors is the governing body in charge of the management, administration and representation of the Company, in and out of court, without prejudice of the powers attributed to the General Meeting, by the Capital Companies Act and these Articles of Incorporation. Its main activity focuses on the supervision and control of the ordinary management of the Company, which is carried out by the executive directors and senior managers, and the consideration of any issues of particular relevance to the Company.</p> <p data-bbox="817 1097 1110 1128"><b><u>Article 27. Composition</u></b></p> <p data-bbox="817 1169 1430 1361">The Board of Directors will have the adequate size to enable it to function in an efficient and participatory manner, and, accordingly, will be composed by a number of members not less than five and of not more than 22.</p> <p data-bbox="817 1406 1430 1478">The General Meeting will decide the exact number of board members.</p> <p data-bbox="817 1523 1430 1594"><b><u>Article 28. Appointment, re-appointment, ratification and separation of board members</u></b></p> <p data-bbox="817 1635 1430 1706">The General Shareholders Meeting is responsible for appointing board members.</p> <p data-bbox="817 1751 1430 1899">If during a term for which the Directors are appointed, any vacancy occurs, the Board may appoint, from among the shareholders, persons who shall occupy their offices until the next General</p>



<p>Shareholders Meeting is held.</p> <p>The General Meeting of Shareholders may agree at any time to remove a board member.</p> <p>The Board of Directors, in its proposals for the appointment, re-appointment, ratification or removal of directors submitted to the General Shareholders Meeting, and in its appointments using the powers of co-option legally attributed by law, will follow the criteria and guidelines established in the Rules of the Board of Directors in this regard.</p> <p><b><u>Article 29. Requirements and Term</u></b></p> <p>In order to be a board member it will not be necessary to be a shareholder. Both individuals and legal entities may be shareholders, but in the case of the latter the legal entity will designate an individual to represent it on the board.</p> <p>Those affected by any of the circumstances of incapacity or incompatibility are prohibited from being board members, particularly those set forth in Law 5/2006, of 10 April and 53/1984 of 26 December and any others which may be enacted in the future.</p> <p>Board members will hold office for five (5) years, but may be re-elected indefinitely, one or more times, for terms of equal length.</p> <p><b><u>Article 30. Announcement. Meetings</u></b></p> <p>The Board shall convene whenever four of its members or the Executive Committee request a meeting (in which case the meeting must be held within 15 days of the receipt of the request) or by agreement of the Chairman or his replacement, in whose name the Secretary shall announce the meetings by letter, telegram or fax addressed to</p>	<p>Shareholders Meeting is held.</p> <p>The General Meeting of Shareholders may agree at any time to remove a board member.</p> <p>The Board of Directors, in its proposals for the appointment, re-appointment, ratification or removal of directors submitted to the General Shareholders Meeting, and in its appointments using the powers of co-option legally attributed by law, will follow the criteria and guidelines established in the Rules of the Board of Directors in this regard.</p> <p><b><u>Article 29. Requirements and Term</u></b></p> <p>In order to be a board member it will not be necessary to be a shareholder. Both individuals and legal entities may be directors but, in the case of the latter, the legal entity will designate an individual as its <b>permanent</b> representative for the purpose of discharging the duties inherent to the office.</p> <p>Those affected by any of the circumstances of incapacity or incompatibility are prohibited from being board members, particularly those set forth in Acts 5/2006, of 10 April, and 53/1984, of 26 December, and any others which may be enacted in the future.</p> <p>Board members will hold office for five (5) years, but may be re-elected indefinitely, one or more times, for terms of equal length.</p> <p><b><u>Article 30. Announcement. Meetings</u></b></p> <p>The Board shall convene whenever four of its members or the Executive Committee request a meeting (in which case the meeting must be held within 15 days of the receipt of the request) or by agreement of the Chairman or his replacement, in whose name the Secretary shall announce the</p>
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each board member at least four (4) days in advance of the meeting date. In an emergency situation, noted by the Chairman, the minimum advance notice will be 48 hours.

The meetings will be held at the Company's offices or in any location previously notified by the Chairman and indicated in the call.

Board meetings may be held via telephone multi-conference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, and where the Board Secretary must be located, the announcement must state that directors can attend via telephone, multi-conference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct and simultaneous communication among attendees.

**Article 31. Constitution**

At least one-half plus one of the board members must be present or represented at the meeting in order for it to be validly convened.

Absent board members may be represented by another board member by notifying the Chairman of the Board in writing.

**Article 32. Deliberations. Resolutions. Minutes**

The deliberations will be chaired by the Chairman or, in his absence, by the Vice-Chairman. In the latter's absence they will be chaired by the oldest board member.

The Chairman will be assisted at the meeting by the

meetings by letter, telegram, fax or e-mail addressed to each board member at least four (4) days in advance of the meeting date. In an emergency situation, at the Chairman's discretion, the minimum advance notice will be 48 hours.

The meetings will be held at the Company's offices or in any location previously notified by the Chairman and indicated in the call.

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<p>Secretary or by the Vice-Secretary. If the latter is absent, he will be replaced by a board member chosen by the board.</p> <p>The Chairman will give the floor to those board members who wish to speak until he considers that the matter has been sufficiently debated, after which it will be put up to vote.</p> <p>Resolutions will be passed by absolute majority of the board members, with the exception of the permanent delegation of all or some of the powers which may legally be delegated by the Board of Directors to the Executive Committee, the Chairman or the Managing Directors, and the designation of the board members to occupy those offices, which shall require the favourable vote of two-thirds of the board members in order to be validly passed.</p> <p>At the Chairman's initiative, the Board of Directors may pass resolutions in writing without a meeting, provided that no board member opposes this procedure.</p> <p>When this voting method is used, the Secretary of the Board of Directors will make a note of the resolutions passed in the minutes, expressing the names of the board members and the voting system used, indicating how each board member voted. In this case, the resolutions will be considered to have been passed at the company's registered offices on the date when the last vote is received.</p> <p>A note shall also be made indicating that no Board member has opposed the procedure.</p> <p>Written votes must be handed in within ten days of receiving the request to cast a written vote. Otherwise, they will be invalid.</p> <p>After the deadline for casting written votes, the</p>	<p>Secretary or by the Vice-Secretary. If the latter is absent, he will be replaced by a board member chosen by the board.</p> <p>The Chairman will give the floor to those board members who wish to speak until he considers that the matter has been sufficiently debated, after which it will be put up to vote.</p> <p>Resolutions will be passed by absolute majority of the board members, with the exception of the permanent delegation of all or some of the powers which may legally be delegated by the Board of Directors to the Executive Committee, the Chairman or the Managing Directors, and the designation of the board members to occupy those offices, which shall require the favourable vote of two-thirds of the board members in order to be validly passed.</p> <p>At the Chairman's initiative, the Board of Directors may pass resolutions in writing without a meeting, provided that no board member opposes this procedure.</p> <p>When this voting method is used, the Secretary of the Board of Directors will make a note of the resolutions passed in the minutes, expressing the names of the board members and the voting system used, indicating how each board member voted. In this case, the resolutions will be considered to have been passed at the company's registered offices on the date when the last vote is received.</p> <p>A note shall also be made indicating that no Board member has opposed the procedure.</p> <p>Written votes must be handed in within ten days of receiving the request to cast a written vote. Otherwise, they will be invalid.</p> <p>After the deadline for casting written votes, the</p>
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<p>Secretary will notify the board members of the outcome of the vote or of the impossibility of using this voting procedure because of a board member's opposition to it.</p> <p>The discussions and resolutions of the Board will be set down in the minutes, which shall be signed by the Chairman and the Secretary or by their replacements.</p> <p>The minutes shall be approved by the Board at the end of the meeting or at the next session.</p> <p>Where Board meetings are held via telephone multi-conference, videoconference or any other analogous system, the Board Secretary must record this in the minutes of the meetings held this way, indicating also the names of the directors who attend in person or granted proxy to another director, and those who attended via telephone multi-conference, videoconference or any other analogous system.</p> <p>Certificates of the minutes containing the resolutions of the Board shall be issued by the Secretary or by the Vice-Secretary, even if they are not board members, and approved by the Chairman or by the Vice-President.</p> <p><b><u>Article 33. Organisation</u></b></p> <p>The Board will choose from among its members a Chairman or two Co-Chairmen and may also elect one or more Vice-Chairmen. Their terms of office may not exceed those of their mandates as board members, notwithstanding the fact that they may be removed by the Board before their terms expire or re-elected.</p> <p>The Board may appoint adjunct or technical board members to the board, who shall have a voice but not a vote, under the conditions and whatsoever</p>	<p>Secretary will notify the board members of the outcome of the vote or of the impossibility of using this voting procedure because of a board member's opposition to it.</p> <p>The discussions and resolutions of the Board will be set down in the minutes, which shall be signed by the Chairman and the Secretary or by their replacements.</p> <p>The minutes shall be approved by the Board at the end of the meeting or at the next session.</p> <p>Where Board meetings are held via telephone multi-conference, videoconference or any other analogous system, the Board Secretary must record this in the minutes of the meetings held this way, indicating also the names of the directors who attend in person or granted proxy to another director, and those who attended via telephone multi-conference, videoconference or any other analogous system.</p> <p>Certificates of the minutes containing the resolutions of the Board shall be issued by the Secretary or by the Vice-Secretary, even if they are not board members, and approved by the Chairman or by the Vice-President.</p> <p><b><u>Article 33. Organisation</u></b></p> <p>The Board will choose from among its members a Chairman or two Co-Chairmen and may also elect one or more Vice-Chairmen. Their terms of office may not exceed those of their mandates as board members, notwithstanding the fact that they may be removed by the Board before their terms expire or re-elected.</p> <p>The Board may appoint adjunct or technical board members to the board, who shall have a voice but not a vote, under the conditions and whatsoever</p>
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<p>persons it deems appropriate.</p> <p>The Board will appoint a Secretary and may appoint a Vice-Secretary, who may or may not be board members, in which latter case, they shall attend the meetings with right to speak but not to vote. The Secretary and the Vice-Secretary shall be appointed for an indefinite period of time if they are not board members; if they are board members their terms of office may not exceed that of their mandates as board members, notwithstanding the fact that they may be removed by the Board before their terms expire or re-elected.</p> <p>The Chairman will be substituted, in his absence, by the Vice-Chairman and if there is more than one, in their order and in default of Vice-Chairman, by the oldest board member. The Secretary will be substituted, in his absence, by the Vice-Secretary and if this person is also absent, by the board member whom the Board qualifies in each case.</p> <p>The Board may also accept the resignation of board members, fill from among the shareholders, any vacancies that occur until the first General Shareholders Meeting is held, and regulate its own functioning in those matters that are not expressly regulated by the Law and by these Articles of Incorporation.</p> <p>To this end, the Board of Directors shall approve a Regulation that will contain its rules of functioning and interior system, and also those that regulate the Audit Committee and the other Commissions and Committees created by the Board.</p> <p>The Board of Directors shall inform the next General Shareholders Meeting that is held after the meeting of the Board of Directors at which such resolutions have been adopted, about of the contents of the</p>	<p>persons it deems appropriate.</p> <p>The Board will appoint a Secretary and may appoint a Vice-Secretary, who may or may not be board members, in which latter case, they shall attend the meetings with right to speak but not to vote. The Secretary and the Vice-Secretary shall be appointed for an indefinite period of time if they are not board members; if they are board members their terms of office may not exceed that of their mandates as board members, notwithstanding the fact that they may be removed by the Board before their terms expire or re-elected.</p> <p>The Chairman will be substituted, in his absence, by the Vice-Chairman and if there is more than one, in their order and in default of Vice-Chairman, by the oldest board member. The Secretary will be substituted, in his absence, by the Vice-Secretary and if this person is also absent, by the board member whom the Board qualifies in each case.</p> <p>The Board may also accept the resignation of board members, fill from among the shareholders, any vacancies that occur until the first General Shareholders Meeting is held, and regulate its own functioning in those matters that are not expressly regulated by the Capital Companies Act and by these Articles of Incorporation.</p> <p>To this end, the Board of Directors shall approve a Regulation that will contain its rules of functioning and interior system, and also those that regulate the Audit Committee and the other Commissions and Committees created by the Board.</p> <p>The Board of Directors shall inform the next General Shareholders Meeting that is held after the meeting of the Board of Directors at which such resolutions have been adopted, about of the contents of the</p>
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<p>Regulations and its modifications.</p> <p>Each year the Board of Directors will approve an Annual Corporate Governance Report relating to the previous financial year, the contents of which shall meet the current legal and statutory requirements.</p> <p><b><u>Article 34. Authorities</u></b></p> <p>The Board of Directors will exercise all of the functions and authorities needed for the development of the business activities comprising the Company's corporate purpose. The Board is vested with the broadest powers to direct, administer, dispose of assets and represent the Company in and out of court, having the authority to enter into all manner of contracts and acts related with the corporate purpose, even though they entail acquisition, sale or lien of property, guaranteeing alien businesses or transactions, without any limitation, because the Board of Directors is vested with all the authorities that correspond to the Company as a legal entity, except those acts for which the Law or these Articles of Incorporation exclusively reserve for the General Shareholders Meeting.</p> <p><b><u>Article 35. Executive Committee and Managing Director</u></b></p> <p>The Board of Directors may set up an Executive Committee and Managing Directors and permanently delegate in them and in the Chairman part or all of the delegable powers, notwithstanding the powers of attorney which may be granted to others.</p> <p>In addition to the powers that the Rules of the Board of Directors reserve for the Board, the powers</p>	<p>Regulations and its modifications.</p> <p>Each year the Board of Directors will approve an Annual Corporate Governance Report relating to the previous financial year, the contents of which shall meet the current legal and statutory requirements.</p> <p><b><u>Article 34. Authorities</u></b></p> <p>The Board of Directors will exercise all of the functions and authorities needed for the development of the business activities comprising the Company's corporate purpose. The Board is vested with the broadest powers to direct, administer, dispose of assets and represent the Company in and out of court, having the authority to enter into all manner of contracts and acts related with the corporate purpose, even though they entail acquisition, sale or lien of property, guaranteeing alien businesses or transactions, without any limitation, because the Board of Directors is vested with all the authorities that correspond to the Company as a legal entity, except those acts for which the Capital Companies Act or these Articles of Incorporation exclusively reserve for the General Shareholders Meeting.</p> <p><b><u>Article 35. Executive Committee and Managing Director</u></b></p> <p>The Board of Directors may set up an Executive Committee and Managing Directors and permanently delegate in them and in the Chairman part or all of the delegable powers, notwithstanding the powers of attorney which may be granted to others.</p> <p>In addition to the powers that the Rules of the Board of Directors reserve for the Board, the powers</p>
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relating to the rendering of accounts and presentation of balance sheets to the General Shareholders Meeting and any other powers vested by the General Meeting in the Board of Directors may not be delegated under any circumstances, except when specifically authorised to do so.

The powers to convene the General Meeting and set the meeting agenda may only be delegated to the Executive Committee.

The designation of the Executive Committee and the Managing Directors and their powers must be registered in the Companies Register.

For the Board of Directors to proceed with the appointments and delegation of powers set out in this Article, the decision must be approved by at least two-thirds of the Board members, as established in Article 32 herein. The designations and appointments may be revoked by majority agreement of the board members.

**Article 36. Operation of the Executive Committee.**

The Board of Directors, when setting up the Executive Committee, will determine its authority and appoint the Directors who will sit on the Committee.

The Executive Committee will be convened by the Chairman himself or upon the request of two Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least 48 hours in advance of the meeting date. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda will be limited to the

relating to the rendering of accounts and presentation of balance sheets to the General Shareholders Meeting and any other powers vested by the General Meeting in the Board of Directors may not be delegated under any circumstances, except when specifically authorised to do so.

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<p>issues which caused the urgency.</p> <p>The meetings shall be held at the Company's registered offices or other location designated by the Chairman and indicated in the announcement.</p> <p>In order for the Executive Committee to be validly convened, there must be a majority of members present or represented.</p> <p>Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.</p> <p>The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a committee member chosen by majority vote of those in attendance.</p> <p>The Chairman will give the floor to those attendees who wish to speak.</p> <p>Resolutions will be passed by absolute majority of the Committee members.</p> <p>In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in article 30 of the Articles of Incorporation, unless a Board meeting is already scheduled to be held within the next thirty calendar days, in which case the Committee will ask the Chairman of the Board to include the matters on which the Committee is tied on the meeting agenda.</p> <p><b><u>Article 37. Remuneration</u></b></p> <p>The office of board member is remunerated. The remuneration shall consist of a share of the liquid profits which shall not be less than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. on the Group's</p>	<p>issues which caused the urgency.</p> <p>The meetings shall be held at the Company's registered offices or other location designated by the Chairman and indicated in the announcement.</p> <p>In order for the Executive Committee to be validly convened, there must be a majority of members present or represented.</p> <p>Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.</p> <p>The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a committee member chosen by majority vote of those in attendance.</p> <p>The Chairman will give the floor to those attendees who wish to speak.</p> <p>Resolutions will be passed by absolute majority of the Committee members.</p> <p>In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in article 30 of the Articles of Incorporation, unless a Board meeting is already scheduled to be held within the next thirty calendar days, in which case the Committee will ask the Chairman of the Board to include the matters on which the Committee is tied on the meeting agenda.</p> <p><b><u>Article 37. Remuneration</u></b></p> <p>The office of board member is remunerated. The remuneration shall consist of a share of the net profits which shall not be more than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. in the</p>
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consolidated annual accounts. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The Board will distribute among its members the remuneration resolved at the General Shareholders Meeting, taking into account the functions and responsibilities of each one in the Board or its Delegate Committees and other criteria envisaged in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as attendance fees, variable remuneration and benefit schemes.

In accordance with the resolution adopted by the General Shareholders Meeting, and regardless of the provisions of the foregoing paragraphs, director remuneration may also consist of the delivery of shares or stock options, or may be referenced to the value of the Company shares.

The remuneration mentioned in the preceding paragraphs for board members will be compatible with the other waged, service or professional remuneration paid to the board members for the performance of their duties, whether managerial, executive, advisory or of any other nature, other than the directors' functions of supervision and collective decision-making, which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature.

Group's consolidated annual accounts. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been allocated to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

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In accordance with the resolution adopted by the General Meeting, and regardless of the provisions of the foregoing paragraphs, director remuneration may also consist of the delivery of shares or stock options, or may be referenced to the value of the Company shares.

The remuneration mentioned in the preceding paragraphs for board members will be compatible with the other remuneration (wages or service or professional fees) paid to the board members for managerial, executive, advisory or any other duties, other than the directors' functions of collective supervision and decision-making, which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature.

The annual report on director remuneration, containing the company's remuneration policy approved by the Board for the current year, that projected for future years, an overview of how the





<p><b><u>Section 3. Committees of the Board of Directors</u></b></p> <p><b><u>Article 38. Committees of the Board of Directors</u></b></p> <p>The Board of Directors must set up and permanently maintain, within itself, an Audit and Control Committee and an Appointments and Remuneration Committee.</p> <p>The Board of Directors, however, may also set up other Committees with the powers, composition and functions that the Board of Directors itself determines in each case.</p> <p><b><u>Article 39. Audit and Control Committee and Appointments and Remuneration Committee</u></b></p> <ol style="list-style-type: none"> <li>1. The basic function of the Audit and Control Committee and Appointments and Remuneration Committee will be to support the Board of Directors in its duties of supervision and control of the ordinary management of the Company; their competences will, therefore, include powers of information, advising and proposing. Their members will be designated by the Board of Directors, to which they will be accountable with regard to the performance of their functions.</li> <li>2. The Audit and Control Committee will be</li> </ol>	<p>remuneration policy was applied during the year and the detailed individual remuneration accrued by each director, will be published and voted on, on a consultative basis, as a separate item on the agenda for the General Meeting.</p> <p><b><u>Section 3. Committees of the Board of Directors</u></b></p> <p><b><u>Article 38. Committees of the Board of Directors</u></b></p> <p>The Board of Directors must set up and permanently maintain, within itself, an Audit and Control Committee and an Appointments and Remuneration Committee.</p> <p>The Board of Directors, however, may also set up other Committees with the powers, composition and functions that the Board of Directors itself determines in each case.</p> <p><b><u>Article 39. Audit and Control Committee and Appointment and Remuneration Committee</u></b></p> <ol style="list-style-type: none"> <li>1. The basic function of the Audit and Control Committee and Appointments and Remuneration Committee will be to support the Board of Directors in its duties of supervision and control of the ordinary management of the Company; their competences will, therefore, include powers of information, advising and proposing. Their members will be designated by the Board of Directors, to which they will be accountable with regard to the performance of their functions.</li> </ol>
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<p>composed of a minimum of three (3) board members, appointed by the Board of Directors for a period not to exceed that of their terms on the board, notwithstanding the possibility of being re-elected indefinitely, provided that they are also re-elected to the board. All of the Committee members will be external directors.</p> <p>The Committee will choose a Chairman and may also elect a Vice Chairman from among its members. Their terms of office may not exceed four years or their terms of office as Committee members, although they may be re-elected one year after stepping down.</p> <p>The Secretary and Vice-Secretary, if any, shall be chosen by the Committee and need not be board members.</p> <p>The Committee members may be assisted at their meetings by persons of their choice acting as their advisers, up to two advisers per member. These advisers will attend the meetings and may have speaking right but not voting right.</p> <p>The basic function of the Audit Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, the internal controls and</p>	<p>2. <b>Audit and Control Committee:</b></p> <p>The Audit and Control Committee will be composed of a minimum of three (3) board members, appointed by the Board of Directors for a period not to exceed that of their terms on the board, notwithstanding the possibility of being re-elected indefinitely, provided that they are also re-elected to the board. All of the Committee members will be external directors. <b>At least one of the members of the Audit and Control Committee shall be an Independent Director appointed on the basis of his/her knowledge and experience in accounting, auditing, or both.</b></p> <p>The Committee will choose a Chairman and may also elect a Vice-Chairman from among its members. Their terms of office may not exceed four years or their terms of office as Committee members, although they may be re-elected one year after stepping down.</p> <p>The Secretary and Vice-Secretary, if any, shall be chosen by the Committee and need not be board members.</p> <p>The Committee members may be assisted at their meetings by persons of their choice acting as their advisers, up to two advisers per member. These advisers will attend the meetings and may speak but not vote.</p> <p>The basic function of the Audit Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the</p>
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<p>the independence of the external auditors.</p> <p>Its basic functions will include the following:</p> <ul style="list-style-type: none"> <li>a) Informing the General Shareholders Meeting on the questions raised by shareholders which fall within its scope of authority.</li> <li>b) Making proposals to the Board of Directors, for submission to the General Shareholders Meeting, on the appointment of external auditors of the Company.</li> <li>c) Supervising the Company's internal auditing services.</li> <li>d) Overseeing the Company's financial information processes and internal control systems.</li> <li>e) Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.</li> </ul>	<p>independence of the external auditors.</p> <p>Its basic functions will include the following:</p> <ul style="list-style-type: none"> <li>a) Informing the General Meeting on the questions raised by shareholders which fall within its scope of authority.</li> <li>b) <del>Making proposals to the Board of Directors, for submission to the General Meeting, on the appointment of external auditors of the Company.</del> <b>Monitoring the effectiveness of the Company's internal control, internal audit services and risk management systems, and discussing with the company's auditors any significant weaknesses in the internal control system detected during the audit.</b></li> <li>c) <del>Supervising the Company's internal auditing services.</del> <b>Supervising the process of drawing up and presenting the regulated financial information.</b></li> <li>d) <del>Overseeing the Company's financial information processes and internal control systems.</del> <b>Making proposals to the Board of Directors, for submission to the General Meeting, on the appointment of external auditors of the Company.</b></li> <li>e) Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.</li> </ul>
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<p>f) Supervising the compliance with the Internal Code of Conduct and the Corporate Governance guidelines.</p> <p>g) Any other functions which are attributed by these Articles of Incorporation or by the Rules of the Board of Directors.</p> <p>To ensure the proper functioning of the Committee, it will convene, if the Chairman considers it fit, as many times as deemed necessary for the execution of its duties and at least once per quarter.</p> <p>The Committee will be quorate only when those in attendance or represented account for one more than half of its members, and resolutions will be passed by majority vote of the members present or represented. In the</p>	<p><del>f) Supervising the compliance with the Internal Code of Conduct and the Corporate Governance guidelines.</del> f) Receiving each year, from the external auditors, written confirmation of their independence with respect to the company and to entities directly or indirectly related to the company, as well as information on any additional services provided to those entities by the auditors or by persons or entities related to the auditors, as provided for in the Audit Act.</p> <p>g) <del>Any other functions which are attributed by these Articles of Incorporation or by the Rules of the Board of Directors.</del> Issuing an annual statement on the independence of the auditors or audit firms each year prior to the issuance of the auditors' report. This report will address the provision of additional services referred to in the preceding section.</p> <p>h) Any other functions which are attributed by these Articles of Incorporation or by the Rules of the Board of Directors.</p> <p>The Committee will convene as often as the Chairman sees fit for the execution of its duties and at least once per quarter.</p> <p>The Committee will be quorate only when those in attendance or represented account for one more than half of its members, and resolutions will be passed by absolute majority vote of the members present or represented. In the event of a tie, the Chairman will have the casting vote.</p>
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<p>event of a tie, the Chairman will have the casting vote.</p> <p>Each year, the Audit and Control Committee will draft an action plan for the coming year which it will submit to the Board of Directors.</p> <p>Throughout the Rules of the Board of Directors the rules relating to the Audit and Control Committee shall be developed, which shall always ensure the independence of its functioning.</p> <p>3. The Appointments and Remuneration Committee will be composed of a minimum of three (3) board members, appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of its members must not exceed their terms as directors, notwithstanding the possibility of being re-elected indefinitely, provided that they are also re-elected to the board.</p> <p>The main functions of the Appointments and Remuneration Committee will be to support and aid the Board of Directors mainly with regard to proposals for the appointment, re-appointment, ratification and removal of directors, the establishment and control of the remuneration policy for directors and senior executives of the Company, and monitoring of the performance of the directors' duties, particularly in situations of conflicts of interest and related events.</p> <p>To ensure the proper functioning of the Committee, it will convene as often as the Chairman deems necessary for complying its</p>	<p>Each year, the Audit and Control Committee will draft an action plan for the coming year which it will submit to the Board of Directors.</p> <p>Throughout the Rules of the Board of Directors the rules relating to the Audit and Control Committee shall be developed, which shall always ensure the independence of its functioning.</p> <p>3. Appointments and Remuneration Committee.</p> <p>The Appointments and Remuneration Committee will be composed of a minimum of three (3) board members, appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of its members must not exceed their terms as directors, notwithstanding the possibility of being re-elected indefinitely, provided that they are also re-elected to the board.</p> <p>The main functions of the Appointments and Remuneration Committee will be to support and aid the Board of Directors mainly with regard to proposals for the appointment, re-appointment, ratification and removal of directors, the establishment and control of the remuneration policy for directors and senior executives of the Company, and monitoring of the performance of the directors' duties, particularly in situations of conflicts of interest and related events.</p> <p>To ensure the proper functioning of the Committee, it will convene as often as the Chairman deems necessary for complying its duties, and at least once per quarter.</p>
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Throughout the Rules of the Board of Directors the rules relating to the Appointments and Remuneration Committee shall be developed, taking into account any other necessary aspects regarding its composition, roles, competences and duties, and will ensure its independent functioning at all times.

**TITLE FOUR**

**ADVISORY BOARD**

**Article 40. The Advisory Board**

The Board of Directors may set up an Advisory Board which shall be composed of a minimum of three and a maximum of nine members.

The Board of Directors is also responsible for appointing and removing the members of the Advisory Board.

The Advisory Board is a consultative body of the Company whose mission shall be to advise the General Shareholders Meeting, the Board of Directors, Delegated Committees, Managing

The Committee will be quorate only when those in attendance or represented account for one more than half of its members, and resolutions will be passed by majority vote of the members present or represented. In the event of a tie, the Chairman will have the casting vote.

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The Board of Directors is also responsible for appointing and removing the members of the Advisory Board.

The Advisory Board is a consultative body of the Company whose mission shall be to advise the General Shareholders Meeting, the Board of Directors, Delegated Committees, Managing



<p>Directors and company management.</p> <p>The members of the Advisory Board shall be subject to the same duties of diligence, confidentiality, non-competition, conflict of interest and business opportunities as the company's directors.</p> <p>The Advisory Board will elect from among its members a Chairman to chair the meetings. The meetings will be convened by the Chairman or at the request of other members. The Chairman will certify the Board's reports.</p> <p>The mission of the Advisory Board shall include:</p> <ul style="list-style-type: none"> <li>a) Making proposals to the governing bodies it advises within the scope of their respective authorities.</li> <li>b) Informing the Company on the image it projects in the sector, in the business community and in society.</li> <li>c) Studying and reporting back on the issues submitted to it by the governing bodies it advises.</li> <li>d) Reporting on the possibility of new businesses or activities, both in Spain and abroad, and the modifications it believes would lead to improving the Company's stability, growth and profitability.</li> </ul> <p style="text-align: center;"><b><u>TITLE FIVE</u></b></p> <p style="text-align: center;"><b><u>THE FINANCIAL YEAR AND ANNUAL ACCOUNTS</u></b></p>	<p>Directors and company management.</p> <p>The members of the Advisory Board shall be subject to the same duties of diligence, confidentiality, non-competition, conflict of interest and business opportunities as the company's directors.</p> <p>The Advisory Board will elect from among its members a Chairman to chair the meetings. The meetings will be convened by the Chairman or at the request of other members. The Chairman will certify the Board's reports.</p> <p>The mission of the Advisory Board shall include:</p> <ul style="list-style-type: none"> <li>a) Making proposals to the governing bodies it advises within the scope of their respective authorities.</li> <li>b) Informing the Company on the image it projects in the sector, in the business community and in society.</li> <li>c) Studying and reporting back on the issues submitted to it by the governing bodies it advises.</li> <li>d) Reporting on the possibility of new businesses or activities, both in Spain and abroad, and the modifications it believes would lead to improving the Company's stability, growth and profitability.</li> </ul> <p style="text-align: center;"><b><u>TITLE FIVE</u></b></p> <p style="text-align: center;"><b><u>THE FINANCIAL YEAR AND ANNUAL ACCOUNTS</u></b></p>
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**Article 41. The Financial Year.**

The financial year will coincide with the calendar year.

**Article 42. The Annual Accounts**

As mandated in the Commerce Code, the Company must keep orderly accounting records of its business activities which make it possible to follow its operations chronologically and must also prepare inventories and balance sheets. The accounting records must be authenticated by the Mercantile Register where the company has its corporate domicile.

The Directors are obligated to compile, within the maximum term of three months from the closing of the financial year, the Annual Accounts, the Directors' Report, and the Proposal for the Application of Profits/Losses, as well as the consolidated Accounts and Directors' Report, where applicable. The annual accounts shall be written clearly and shall reflect a true image of the Company's wealth, its financial situation and its economic results, according to the provisions of the Public Limited Companies Act and the Commerce Code and shall be signed by all the Directors.

**Article 43. Distribution of Profits/Losses**

The General Meeting shall decide how to apply the financial profit/loss for the financial year, as shown on the approved balance sheet. Once all legal reserves, minimum dividends payable for non-voting shares and all other legal and statutory financial obligations have been satisfied, the General meeting shall apply the remaining profits to dividends, to the remuneration of directors, to voluntary reserves, to

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**Article 43. Distribution of Profits/Losses**

The General Meeting shall decide how to apply the financial profit/loss for the financial year, as shown on the approved balance sheet. Once all legal reserves, minimum dividends payable for non-voting shares and all other financial obligations established by law and the Articles of Incorporation have been satisfied, the General Meeting shall apply the remaining profits to dividends, to the remuneration of



investment funds or to any other legally permitted use, in compliance with the Public Limited Companies Act and these Articles of Incorporation.

**Article 44. Deposit of Annual Accounts**

Within one month from approval of the Annual Accounts, a certificate of the resolutions of the General Shareholders Meeting approving the Annual Accounts and the distribution of profits/losses shall be submitted, for deposit, at the Mercantile Register of the corporate domicile, and a copy of each of these accounts shall be attached along with the Directors' Report and the Auditors' Report, when the Company is obligated to have its annual accounts audited or if they were audited at the request of the minority shareholders. If the Annual Accounts are presented in abbreviated form, this shall be so stated in the certificate, along with the reason.

**TITLE SIX**

**DISSOLUTION AND LIQUIDATION**

**Article 45. Dissolution**

The Company will be dissolved under the circumstances set out in the Public Limited Companies Act.

If dissolution is forthcoming when the net worth has been reduced to a figure which is less than half of the share capital, such dissolution may be avoided by means of a resolution to increase or reduce the share capital or by reconstruction of the net worth in a sufficient measure. This regularization shall be efficient whenever it is made before is decreed the

directors, to voluntary reserves, to investment funds or to any other legally permitted use, in compliance with the ~~Public Limited Companies Act~~ **Capital Companies Act** and these Articles of Incorporation.

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court dissolution of the Company.

**Article 46. Liquidation**

Unless otherwise resolved by the General Shareholders Meeting, during the period of liquidation, Directors shall assume the function of liquidators with the faculties set out in the Law and they shall perform the liquidation and division of the corporate assets pursuant with the resolutions of the General Meeting and current legal ruling, and if their number is an even number, the General Meeting shall appoint by majority, another additional person as liquidator, in order to make this number an odd number.

**Article 47. Division of the Corporate Assets**

Once all of the Company's creditors have been paid or once all outstanding amounts have been placed on deposit, if due and payable, or insured if not yet due and payable, the remaining corporate assets will be distributed among the shareholders as provided for under the Law.

**TITLE SEVEN**

**DEBENTURE ISSUES**

**Article 48. Debenture Issues**

The Company may issue debentures or other securities which recognise or create a debt, in accordance with the limits and legal system that is established. Debentures may be represented by titles or account entries, the latter of which shall be governed by the applicable legal provisions.

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