

REPORT OF THE BOARD OF DIRECTORS OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ON THE AMENDMENT TO THE BYLAWS PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING

This Report is issued in fulfilment of that established in Article 286 of the Consolidated Spanish Companies Law (*Texto Refundido de la Ley de Sociedades de Capital*) approved by Royal Legislative Decree 1/2010, of 2 July ("**Spanish Companies Law**" or "**LSC**") and it refers

- (i) to the amendment to the Bylaws proposed to the Ordinary General Shareholders' Meeting to be held on 27 April 2015, on first call, and the following day, 28 April 2015, on second call, which would affect Articles 12, 13, 14, 16, 19, 20 *bis*, 24, 25, 28, 29, 30, 31 (which would be removed) and 34, and would entail the addition of three new articles to the Bylaws (Articles 20 *ter*, 20 *quater* and 34 *bis*), and
- (ii) to the approval, also proposed to the aforementioned General Shareholders' Meeting, of a consolidated text to ensure that the numbering of the articles is sequential and that the references existing between them are consistent.

1 Introduction

The Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. ("**ACS**") proposes to the aforementioned General Shareholders' Meeting the amendment to Articles 12, 13, 14, 16, 19, 20 *bis*, 24, 25, 28, 29, 30 and 34, the removal of Article 31 and the addition of three new articles to the Bylaws.

The reason for the proposed amendment is essentially the reform of the Spanish Companies Law in terms of corporate governance pursuant to Law 31/2014, of 3 December. In turn, special attention has been paid to the content of the new Good Governance Code for Listed Companies recently published by the Spanish National Stock Market Commission (Comisión Nacional del Mercado de Valores – CNMV).

2 Specific considerations on the individual amendments proposed

2.1 Article 12 amendment proposal

The proposed amendment, the only one not related to the updates of Law 31/2014, consists of removing the reference that states that bond issues must be agreed by the General Shareholders' Meeting. This reference is not currently necessary and could impede the application of the rule that the Board may directly approve simple bond issues, which will be introduced into the Spanish Companies Law if the Bill on the stimulation of business financing, currently being processed in the Spanish Senate, is approved as drafted on this point.

2.2 Article 13 amendment proposal

In this case, the amendment is of a purely technical nature, to make the text of this article coherent with the new text proposed for Article 14 relating to the appointment of Directors by co-optation.

2.3 Article 14 amendment proposal

The wording is amended in two aspects:

- To adapt it to the updates regarding the appointment of Directors by co-optation (lack of need for the appointee to be a shareholder and term of the appointments resolved after the Meeting is convened).
- To reduce the term of office of the Directors to four years as required under the recent reform of the Spanish Companies Law.

2.4 Article 16 amendment proposal

Its wording is amended to incorporate various updates of the reform in the Bylaws, in particular to include the figure of the "Coordinating Director" and the rule that non-executive Directors may only delegate their representation to another non-executive Director.

2.5 Article 19 amendment proposal

The text is adapted to the new regime of the LSC, which contains a broad list of powers of the Board which cannot be delegated. However, it is opted not to reproduce this list in the Bylaws (notwithstanding the fact that this may be done in the Rules of the Board of Directors).

2.6 Article 20 *bis* amendment proposal

The amendment adapts the text of this article to the new regime of the Audit Committee (composition, presidency, functions).

2.7 Proposal for the addition of a new Article 20 *ter*

In this new article reference is made to the Appointments and Remuneration Committee, which is now regulated in the Spanish Companies Law and mandatory under the reform.

2.8 Proposal for the addition of a new Article 20 *quater*

The purpose of this addition is to expressly provide for the possibility of creating other specialist committees of the Board in the Bylaws given the importance placed upon this aspect in the new Good Governance Code.

2.9 Article 24 amendment proposal

It is amended to reduce the percentage necessary for shareholders to request the holding a Meeting from five to three percent pursuant to that set forth in the Spanish Companies Law following the reform.

2.10 Article 25 amendment proposal

It is also amended to reduce the percentage necessary for addenda to the call to be requested or for alternative resolution proposals to be formulated by shareholders from five to three percent pursuant to that set forth in the Spanish Companies Law following the reform.

2.11 Article 28 amendment proposal

Its wording is amended to adapt to the new regime of the Spanish Companies Law in terms of right to information.

2.12 Article 29 amendment proposal

The text is adapted to incorporate the new general rule of simple majority for the adoption of resolutions, and to introduce certain technical tweaks.

2.13 Article 30 amendment proposal

The text is amended to make it coherent with the new wording of the article of the Spanish Companies Law relating to competencies of the General Shareholders' Meeting.

2.14 Article 31 removal proposal

The removal of this article is proposed for coherence and to avoid redundancies with the new Article 30.

2.15 Article 34 amendment proposal

The reference to the allocation of part of the profit to the payment of the bylaw remuneration of the Board is removed for coherence purposes with the amendment to the directors' remuneration system in order to adapt it to the new regime of the Spanish Companies Law, a remuneration system that is now incorporated in a specific article (the new Article 34 *bis*).

2.16 Proposal for the addition of a new Article 34 *bis*

In this new article, the remuneration of the Board of Directors is regulated in accordance with the new system of the Spanish Companies Law. It is opted to use a system that implies continuity with that which has been being applied, based on a fixed allocation, the maximum amount of which will be determined annually in the remunerations policy approved by the General Shareholders' Meeting and which will be distributed by the Board itself, bearing in mind the functions and responsibilities of each Director and the other factual circumstances that may be relevant. Additionally, the possibility of remuneration in shares or linked to shares is provided for.

3 Amendment proposal

Pursuant to the foregoing, the wording of Articles 12, 13, 14, 16, 19, 20 *bis*, 20 *ter*, 20 *quater*, 24, 25, 28, 29, 30, 34 and 34 *bis* of the Company Bylaws will be as figures in the sections which follow (the new text has been marked in bold and underlined in order to facilitate the identification of the amendments and, with the same purpose, any removed text has been maintained but appears crossed out).

3.1 Article 12

"In order to carry out its object, best develop its operations or meet its needs, the Company, ~~by resolution of the General Shareholders' Meeting, adopted in accordance with these Bylaws~~ by resolution of the General Shareholders' Meeting, adopted in accordance with these Bylaws, may issue bearer or registered debentures of any type, with or without a mortgage, for the amount and under the conditions it deems appropriate and without any other restrictions aside from those established under the Law.

The General Meeting may also delegate the power to issue debentures to the Board of Directors."

3.2 Article 13

"The Company is governed and administered by a Board of Directors comprised of a minimum of eleven members and a maximum of twenty-one, shareholders or not, ~~appointed and confirmed by the General Meeting~~, who shall be subject to the duties legally established and, in particular, to those of sound administration, trustworthiness, loyalty and confidentiality under the terms regulated by the legislation in force at all times."

3.3 Article 14

"The members of the Board of Directors of the Company shall be appointed by the General Shareholders Meeting or, in the event of an anticipated vacancy, by the Board of Directors itself.

Should a vacancy arise when a General Meeting has been called, the Director appointed from its members shall remain in office until the next General Shareholders' Meeting.

The legal provisions in force shall be observed when selecting Board Members

Board Members shall hold their positions for four years. Directors **may be re-elected one or more times** for terms of the same maximum duration

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year."

3.4 Article 16

"An Executive Director may hold the position of Chairman of the Board of Directors. In such instance, the appointment of the Chairman must be voted for by two thirds of the Board Members.

Should the Chairman be an Executive Director, the Board of Directors, with the abstention of the Executive Directors, shall appoint a Coordinating Director from the Independent Directors, who will be specially enabled to request that a meeting of the Board of Directors be called, or the inclusion of new points in the Agenda of a meeting already called, as well as to coordinate and unite the Non-Executive Directors and lead, if appropriate, the regular appraisal of the Chairman of the Board of Directors.

The Board of Directors shall always meet whenever the interests of the Company so require, by means of a call made by the Chairman, or in absence thereof, by the Deputy Chairman, either at their own initiative or at the petition of two or more Board Members **or of the Coordinating Director, if applicable**. It shall hold its meetings at the Company's registered office or in another location designated in the Call. In order for the Board Meeting to be valid, the majority of members must be in attendance either by proxy or in person. The Board Members who are absent or unable to attend the meeting personally may be represented therein and cast their vote by delegating special powers to another Board Member. **Non-Executive Directors may only delegate their representation to another non-Executive Director.**

Attendance of Board Members at the Board of Directors meetings shall be equally valid by means of remote communication, provided that these means allow the Board Members attending to mutually recognised and identify each other, to be in permanent communication, and to take the floor and vote in real time. Board of Director meetings that are attended by Board Members through means of remote communication, in accordance with that provided in this article, shall be considered unique and held at the location from where the Chairman of the body, or whoever stands in for him, is attending. The meeting minutes and certificates of the resolutions must express the adoption thereof.

The Board Members that constitute at least one third of the members of the Board may call a meeting, indicating the agenda and as to whether the meeting is to be held at the company's registered office, if the Chairman failed to call the meeting, without just cause, within a period of one month after having submitted the request to do so.

In the event that, due to lack of Board Members, either in person or by proxy, the Board could not be validly convened, a new meeting shall be called and if in that call it could not be validly convened either, the General Shareholders' Meeting shall be called by the Chairman or a Deputy Chairman, so that it may adopt the pertinent resolutions once informed of the situation

In order for decisions to be valid, the absolute majority of the Board Members in attendance at the meeting, present or represented, must be in agreement

3.5 Article 19

"The Board may establish an Executive Committee with the composition, organisation and powers it deems appropriate. It may also delegate its powers, in full or in part, to one or more of its members, who will adopt the title of Managing Directors.

It may also confer general and special powers on any person, for as many matters as it deems appropriate related to the administration and the businesses to which the Company dedicates itself, whatever types they may be.

In all of the cases included in this article, the Board may grant, likewise, the powers to substitute definitively or with limitations.

Notwithstanding the foregoing, the preparation of the financial statements and their submission to the General Meeting, the powers granted by the General Shareholder Meeting to the Board of Directors (unless expressly authorised for sub-delegation), or other powers which by Law cannot be delegated, may not be subject to delegation, without prejudice to urgent, duly justified circumstances requiring the delegated bodies or persons to adopt the corresponding decisions, which shall be ratified in the first session of the Board of Directors held following adoption of the decision."

3.6 Article 20 bis

"There will be an Audit Committee which will be comprised exclusively by Non-Executive Directors appointed by the Board of Directors, at least two of whom shall be Independent Directors, and one of whom will be appointed due to his/her knowledge and experience in accounting, auditing or both."

The Chairman of the Audit Committee shall be appointed from the other independent Directors forming part thereof, and shall be substituted every four years. They may be re-elected after the term of one year has elapsed from the moment of termination."

Without prejudice to the other duties bestowed by the Regulations of the Board of Directors, the Audit Committee shall have the duties determined by Law."

3.7 Article 20 ter

"An Appointments and Remuneration Committee shall exist, which shall be formed exclusively of Non-Executive Directors appointed by the Board of Directors, at least two of whom shall be Independent Directors. However, the Regulations of the Board of Directors may establish a Nominations Committee and a separate Remuneration Committee. The Chairman of the Committee or Committees shall be appointed from among the Independent Directors forming part thereof."

Without prejudice to the other duties bestowed by Law or by the Regulations of the Board of Directors, the Appointments and Remuneration Committee shall have the duties determined by Law."

3.8 Article 20 quarter

"The Board of Directors may constitute other specialist Committees, in addition to the Audit Committee and the Appointments and Remuneration Committee. The Regulations of the Board of Directors shall establish the number of members and shall govern the functioning of the Audit Committee, the Appointments and Remuneration Committee and the other specialist Committees established by the Board of Directors."

3.9 Article 24

"An ordinary General Meeting, previously called for this purpose, shall meet within the first six months of each financial year in order to, if applicable, approve the conduct of the company's business and the financial statements for the preceding year, and resolve upon the distribution of profit or allocation of loss.

An Ordinary General Shareholders' Meeting shall be valid even if it is called or held outside this period.

Furthermore, they will be held extraordinarily provided that the Board of Directors so resolves by its own initiative or at the request of one or more shareholders who represent at least **three** per cent of the paid-in capital, stating in their request the matters to be addressed in the Meeting. In such case, the Meeting must be held within two months from the date on which the directors were requisitioned by notary to call the meeting and the proposed motions shall be included on the agenda. If the General Shareholders' Meeting is not called within the period established by law or the Company's Bylaws, the meeting may be convened upon the request of any shareholder, by the corresponding Commercial Court Judge for the area in which the Company has its registered office and after a hearing of the directors. Should the directors fail to attend to the request to convene a General Shareholders' Meeting made by the minority in a timely manner, a meeting may be called by the Commercial Court Judge for the area in which the Company has its registered office after a hearing of the directors.

In the event of the request for a court summons, judges shall hand down a judgement within one month from the date of the request and if agreed, freely appoint the chairman and secretary of the meeting. A judge's decision to order a meeting to be called may not be appealed. The expenses of the court order shall be charged to the Company. In the event of the death or resignation of the majority of the members of the Board of Directors, if there are no substitutes, any shareholder may request the commercial court judge for the area in which the Company has its registered office to call a General Meeting for the purpose of appointing directors. In addition, any of the members who continue to hold office may call a General Meeting for this sole purpose."

3.10 Article 25

"Ordinary or Extraordinary General Meetings shall be convened, following resolution by the Board of Directors, by its Chairman or in his absence by a Deputy Chairman, or by the Secretary, by means of notice published in the Official Bulletin of the Mercantile Registry, or in one of the major newspapers in Spain, on the National Securities Market Commission web page and on the Company's web page, at least one month before the date stipulated for it to be held, or in any other manner and time period laid down under current Spanish legislation. Extraordinary General Meetings may only be called fifteen days in advance in accordance with the requirements envisaged by law.

The call will include the date of the meeting on first call and all of the matters to be addressed, as well as all of the information which is legally necessary. Likewise, the call may include the date, where applicable, when the Meeting shall be held on the second call. A period of at least twenty-four hours must elapse between the first and second call.

Shareholders with shares representing at least **three** percent of the share capital may request that a supplement to the call notice of the Ordinary General Meeting be published including one or more items to be put on the Agenda. This right must be exercised through a notice by duly authenticated means to be received at the Company's registered office within five days following publication of the call notice. The additional items shall be published at least 15 days prior to the date set for the Meeting.

Similarly, shareholders that represent at least **three** per cent of the share capital may, within the period indicated in the paragraph above, submit supported proposals for resolutions on matters already included or that must be included in the agenda of the meeting called. The Company shall ensure that these proposals for resolutions and the documentation attached thereto, as the case may be, is continuously published on its web page when received.

If shareholders attend the Meeting by telematic means which duly guarantee the identity of the subject, the call notice shall specify the deadlines, forms and methods to exercise the shareholders' rights stipulated by the Board of Directors to enable the ordered process of the Meeting. In particular, the Board of Directors may determine that the speeches and motions which, pursuant to the law are to be made by shareholders attending by telematic means, must be sent to the Company prior to the convening of the Meeting. The responses of the shareholders exercising the right to information during the Meeting shall be given in writing within seven days following termination of the Meeting.

Notwithstanding the foregoing, the Meeting will be validly convened to address any matter, provided that all of the share capital is represented and all the attendees except unanimously its celebration.

3.11 Article 28

"The shareholders may request from the directors, or formulate in writing, up until the fifth day prior to the date the Meeting is to be held, or verbally at the Meeting, the reports or clarifications they deem necessary regarding the matters included in the Agenda. Shareholders may seek information or clarifications or formulate questions in writing regarding any information accessible to the public that shall have been provided by the Company to the National Securities Market Commission since the date of the last General Meeting, with the limits and effects set out by Law."

3.12 Article 29

The Ordinary or Extraordinary General Meeting shall be validly convened at first call when the shareholders present or represented possess at least twenty-five percent of the subscribed capital with a right to vote; the second call shall be validly convened whatever the amount of capital is represented.

Notwithstanding the foregoing paragraph, in order for the General Shareholders' Meeting to be able to validly agree upon capital increases or reductions or any other amendment of the Company Bylaws, the issue of notes, the elimination or limitation of the right of first refusal of new shares, the transformation, merger or division of the Company, the assignment *en bloc* of assets and liabilities or the transfer of the registered office to a foreign country, **or the dissolution by resolution of the General Meeting without any cause requiring as such**, shareholders representing at least fifty percent of subscribed share capital with a right to vote must be present or represented at first call, or attendance of twenty five per cent of such capital at second call.

Corporate resolutions shall be adopted by simple majority of votes of the shareholders present or representing in the Meeting. A resolution shall be understood as adopted when more votes are cast in favour than against by the present or represented capital, unless these are resolutions

mentioned in the foregoing paragraph, in which case they shall require the absolute majority at first call, and the favourable vote of two thirds of the capital present or represented at the Meeting at second call."

3.13 Article 30

"The General Meeting shall approve the financial statements, the allocation of profit or loss and the approval of company management, the appointment and termination of administrators and other powers as determined by Law of the Bylaws."

3.14 Article 34

"The Ordinary General Meeting shall resolve upon the distribution of profit or allocation of loss in accordance with the approved balance sheet. Of the profits obtained in each period, once the value of the legal reserve and all other issues that are legally established have been covered and the appropriate amount for minimum dividend of one per cent of shares with no vote according to the ruling in Article 6 of these Bylaws has been put aside, the Shareholders General Meeting can apply what it deems as convenient to a voluntary reserve and any other consideration legally permitted.

The rest, where applicable, shall be destined to the distribution of dividends in the quantity that the General Shareholders' Meeting agrees between the ordinary shareholders in proportion to the capital value of each share and the statutory remuneration due to the Board as set out in the next paragraph, with subsequent compliance with all legal requirements."

3.15 Article 34 bis

"The remuneration of Directors in their position as such shall be a fixed amount.

The determination of the fixed amount for each Director shall be performed by the Board of Directors, which will take into account the duties and responsibilities, participation in Committees of the Board of Directors and other relevant circumstances.

The maximum annual remuneration of the Directors as a whole in their condition as such shall be approved by the General Meeting in the remuneration policy, and shall remain in force unless an amendment thereto is approved.

The remuneration of Directors who are allocated executive duties, including compensation for early termination and any other amounts to be paid by the Company as insurance premiums or contributions to savings schemes, shall be in compliance with the remuneration policy approved by the General Meeting, and shall be contained in the contract that shall be signed with each of the Executive Directors, detailing all items. This contract must be subject to prior approval by the Board of Directors, voted for by at least two thirds of its members.

It is expressly authorised that the remuneration of all or any of the Board Members may comprise delivery of shares in the Company or options thereupon, or be referenced to the value of said shares, should the General Meeting decide as such, determining the maximum number of shares that may be allocated in each financial year, the price and system of calculation of the price to exercise options, or the value of shares that, in each instance, is taken as reference, and the duration of the plan. The General Meeting may delegate the determination of any other aspect of this type of remuneration to the Board of Directors."

4. Consolidated text

The Board of Directors also proposes the approval of a consolidated text of the Bylaws, incorporating all the amendments and additions described in the preceding sections, to ensure that the numbering of the articles is sequential. Said consolidated text is attached as an Appendix.

Madrid, 24 March 2015.

COMPANY BY-LAWS
ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.

CHAPTER I.

Article 1.- A Public Limited Company is incorporated, to be governed by these Bylaws and by other general provisions applicable thereto as subsidiary provisions or as legal requirements.

Article 2.- The company's corporate name shall be "ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.".

Article 3.- The company was incorporated for an indefinite period.

Article 4. – The company's corporate purpose is:

- The industry for the construction of all types of public and private works. Also the provision of services for the upkeep, maintenance and exploitation of motorways, trunk roads, roads and, in general, all types of public and private roadways and other types of works and other kinds of industrial, commercial and financial actions and operations related to these, directly or indirectly.
- The promotion, construction, restoration and sale of housing developments and all types of buildings for industrial or commercial purposes or as dwellings, either on the company's own account or for others. The upkeep and maintenance of urban and industrial works, installations and services.
- The management and execution of all types of works, installations, erection and maintenance relating to plant and lines for production, transport and distribution of electrical power. This includes substations, transformer, interconnection and switching centres, generating and converter stations. It also includes electrical mechanical and track installations for railways, trams and trolleybuses, electrical installations for dams, wastewater treatment plant, water purification plant, quays, ports, airports, docks, ships, shipyards, pontoons, platforms and flotation elements. Also any direct or remote control elements for diagnostics, testing, safety and protection, control and interlocking, manoeuvring or measurement for industry and buildings, as well as those appropriate for the installations listed above, electrification, floodlighting and public lighting, electrical installations in mines, refineries and explosive environments and, in general, all types of installations related to the production, transport, distribution, storage, recovery and use of electrical power at all levels and in all systems as well as the exploitation and repair, replacement and upkeep of all system elements. Control and automation of all types of electrical networks and installations, remote controls and computer systems required for management, computerisation and rationalisation of consumption of all types of power.
- The management and execution of all types of works, installations, erection and maintenance relating to electronics for telephonic, telegraphic, signalling, emergency, civil protection and defence communication systems and networks and such systems for traffic and transmission and use of voice and data, measurements and signals, as well as for the propagation, broadcast, repeating and receiving of any type of waves; of antennas, repeaters, radio links, navigation aids and equipment and elements needed for carrying out such work, erections and installations.
- The management and execution of all types of works, installations, erection and maintenance relating to the exploitation, production, transformation, storage, transport, channelling, distribution, use, measurement and maintenance of any other type of energy and energy products and any other energy which may be used in the future, including the supply of special equipment and elements necessary for installation and assembly and materials of all types.

- The management and execution of all types of works, installations, erection and maintenance relating to hydraulic works for the exploitation, storage, raising, pumping or distributing water; its piping, transport and distribution, including water and gas treatment installations.
- The management and execution of all types of works, installations, erection and maintenance for the exploitation, transport, channelling and distribution of liquids, solids and combustible gases for all types of uses.
- The management and execution of all types of works, installations, erection and maintenance of ventilation, heating, air conditioning and cooling works and those for improving the environment, for all types of uses.
- The management and execution of all types of works, installations, erection and maintenance relating to cable railways, cable-cars, chair lifts and ski lifts for the transport of people or materials by means of systems using cables or any type of mechanical elements. The recovery of submerged ships and elements, marine salvage, scrapping of ships, floating naval repairs, repairs to and mounting of motors and mechanical elements for ships and underwater work and the sale of aquatic and sports equipment.
- The manufacture, transformation, production, handling, repair and maintenance and all types of industrial operations for commercialisation related to machinery, parts, tools, fixtures, electrical protection equipment, bare and insulated cables, insulators, ironwork and machines and tools and auxiliary equipment for assembly and installation of railways, metro and tram systems. Also plant, lines and networks for transport and distribution of electrical power and for telephonic and telegraphic communications, telecommunications, security, traffic, telematic and voice and data transmission systems as well as elements and machines for the exploitation, transformation, transport and use of all types of energy and energy products; pumps for raising fluids and gases, channelling and other elements, mechanisms, instruments, accessories, spare parts and materials needed for the execution of any industrial, agricultural, naval, transport and communications or mining works, installations and assembly and any others related to the preceding sections. The exploitation of the business of the production, sale and use of electrical power, as well as other sources of energy, and the carrying out of studies related to these. Also the exploitation of the business of production, exploration, sale and use of all types of primary solid, liquid or gaseous energy resources. This specifically includes hydrocarbons and gas, be it natural, liquefied or of other types or in other states, in their various forms and types. Energy planning, rationalisation in the use of energy and cogeneration of it. Research, development and exploitation of communications and information technology in all their aspects.
- The manufacture, installation, assembly, mounting, supply, maintenance and marketing of all types of products and elements made from or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials as well as metal structures for industrial plants and buildings, bridges, towers and supports made from metal, reinforced concrete or any synthetic material for all types of communications and transport or distribution of electrical power or of any other type of material or energy product related to energy in all its forms.
- The manufacture, preparation, handling and finishing, diagnostics, treatment and impregnation for protection and preservation and sale of wood in general and, in particular, posts used for electricity, telephone and telegraph lines. Impregnation or in service for shoring for mines and galleries, scaffolding for buildings, wood for works, railway sleepers and fences and the production and marketing of antiseptic products and the exploitation of procedures for preserving wood and elements, tools and fixtures made from it. The acquisition, provision, application and exploitation of paints, varnishes, surfacings, metal coatings and, in general, construction materials.
- The management and carrying out of agricultural replanting, restocking of fish, reforestations and the maintenance and improvement of these. Gardening, planting, revegetation, reforestation, maintenance work and conservation for parks, gardens and attached elements.

- The production, installation, distribution and exploitation in any form of all types of advertising and advertising vehicles. The design, construction, manufacture, installation, maintenance, cleaning, upkeep and exploitation for advertising of all types of urban furniture and similar elements.
- The provision of all types of public and private services of an urban nature, including the carrying out of works and installations which need to be carried out, either as an administrative concession or through rental. The treatment, recycling and assessment of all types of urban waste, waste which can be assimilated into urban waste and industrial and sanitary waste. Also the treatment and sale of waste products as well as the management and exploitation of treatment plants and waste transfer. The writing and processing of all types of projects related to environmental matters.
- Cleaning services for buildings, constructions and works of all types, for offices, commercial premises and public places. Preparation, preservation, maintenance, cleansing, disinfection and rodent control. Cleaning, washing, ironing, sorting and transport of clothes.
- Assembly and installation of furniture such as tables, shelving, office equipment and similar or complementary items.
- All types of transport for passengers and goods, particularly by land. Also activities related to this. Management and exploitation and the provision of auxiliary and complementary services for all types of buildings and property or complexes for public or private use which are given over to service areas or stations, recreational areas and bus or intermodal stations.
- The provision of comprehensive health care services and social and health care services by qualified personnel (doctors, psychologists, educationalists, registered nurses, welfare officers, physiotherapists and therapists) and the carrying out of the following tasks: home help and care services, remote home care and social/health care. The full or partial operation or management of hostels, safe houses, day centres, therapy communities and other shelter and rehabilitation centres. Health transport and escorts for the above-mentioned groups. Home hospitalisation and medical and nursing assistance at home. Supply of oxygen therapy, control of gases and electromedicine, as well as their connected activities.
- The provision of auxiliary services for housing developments, building plots, industrial facilities, road systems, shopping centres, official organisations and administrative offices, sporting or recreational facilities, museums, show grounds, exhibition centres, meetings and conferences, hospitals, conventions, inaugurations, cultural and sporting centres, sports, social and cultural events, exhibitions, international conferences, general meetings of shareholders and owner's communities, receptions, press conferences, educational institutions, parks, farm facilities (agricultural, livestock and fishery), woods, agricultural land, game preserves, recreational or show sites and, in general, all types property and events. This takes place through concierges, messengers, caretakers, ushers, guards or controllers, console operators, waiters, porters, receptionists, ticket clerks (including ticket collection), telephonists, guides, collectors, carers, lifeguards, stewards and similar professionals or those who carry out their functions, consistent with the maintenance and upkeep of the premises, as well as care and service for neighbours, visitors and/or users by means of the carrying out of the corresponding tasks. Those tasks which the law reserves for security companies are excluded in all cases. Charging and cash desk tallying and the collection and charging of bills and receipts. Development, promotion, exhibition, execution, acquisition, sale and provision of services in the areas of art, culture and leisure in their various activities, forms, expressions and styles.
- Attention for emergency, prevention, information, telephone switchboard, kitchen and dining room services. Opening, closing and care of keys. Switching on and off, operation, supervision, maintenance and repair of motors and heating and cooling installations, of electricity, lifts, water and gas piping and other supplies and of the fire prevention systems. The operation of systems for rapid communication with public support services such as the police, fire brigade, hospitals and medical centres. Services for fire prevention and fire fighting in general in countryside, woods, agricultural land and industrial and urban installations.

- Comprehensive management or operation of public or private centres for special education or teaching, as well as supervision, care, education and control of pupils or other teaching groups.
- The reading of water, gas and electricity meters. The maintenance, repair and replacement of these. The telephone receipt and transcription of readings, inspection of meters, taking and updating of data and placement of notices. Measurements of temperature and humidity on roads and, in general, in all types of moveable property and real estate, public and private facilities, carrying out all the monitoring necessary for the correct preservation and maintenance of these or of the assets deposited or guarded in these.
- Handling, packing and distribution of food or consumable products. The preparation, seasoning and distribution of foods for own consumption or supply to third parties. Care, replacement and maintenance of equipment, machines and dispensers for the above-mentioned products and intervention in operations with raw materials, manufactured products and supplies.
- The provision of ground services for passengers and aircraft. Comprehensive services for goods logistics, such as: loading, unloading, stowage, transport, distribution, location, sorting, warehouse control, preparation of inventory, replacement, stock control in warehouses and storage of all types of goods, excluding those activities subject to special legislation. Management and operation of places for distribution of goods and property in general and, in particular, those for perishable products such as fish markets, wholesale and retail markets. Receipt, berthing, mooring and connection of services to vessels.
- Direct publicity, franking and distance course services, of printed advertising and, in general, all types of documents and packages for its customers.
- Management, operation, administration, maintenance, upkeep, rehabilitation and conditioning for all types of concessions, in the broadest sense. This applies both to those where the company is a shareholder in the licensee company and those with which it has some type of contractual agreement to carry out some of the activities listed above.
- The acquisition, holding, enjoyment, administration and transfer of all types of securities in the company's own right. Excluded from these activities are those which special legislation and, in particular, legislation on the stock exchange, attributes exclusively to other bodies.
- Management and administration of securities representing the funds for organisations which are not resident in Spain through a corresponding organisation with personal and material resources appropriate for the purpose.
- The preparation of all types of studies, reports and projects and the signing of contracts for the activities indicated in this article, as well as supervision, management and advice on their execution.
- Professional training and retraining of the people who provide the services set out in the above points.

The activities making up the corporate purpose may be carried out fully or partially by the Company in an indirect manner through the participation of other companies.

All those activities for which the Law demands special requirements which this Company does not fulfil are excluded. Likewise, if legal regulations demand a professional qualification, administrative authorisation, entry in a public register or any other requirement to be able to carry out any of the activities included in the corporate purpose then such activities must be carried out by a person with such a qualification or, where appropriate, may not be initiated until the specific demands have been met.

Article 5.- The company has its registered address in Madrid, at Avenida de Pío XII, number 102.

This address may be moved to any place within Spanish territory, by agreement adopted in accordance with the legal provisions.

By virtue of the same procedure, the creation of agencies, branches or regional offices may be agreed, both in Spain and abroad.

CHAPTER II SHARE CAPITAL, SHARES, BONDS.

Article 6.- The share capital is 159,269,806.50 euros, represented by 318,539,613 shares of FIFTY CENTS OF EURO nominal value per share totally subscribed and disbursed.

The company may issue non-voting shares for a value no greater than half the share capital and with entitlement to receive a minimum annual dividend of one per cent of the paid-up share capital for each share, notwithstanding other rights conferred by law.

The company may also issue redeemable shares, for a face value no greater than a fourth of the share capital and in compliance with the other legally established requirements.

Article 7.- The share capital may be increased or reduced by resolution of the General Shareholders' Meeting, which may delegate to the Board of Directors the authority to establish the execution date(s), within a maximum term in conformity with the Law. The Board of Directors may fully or partially use the authority to increase or reduce (the capital) or refrain from doing so considering the market conditions, the conditions of the Company itself or any facts or events of corporate or economic importance warranting such decision, informing of same at the next General Shareholders' Meeting held once the term established for the execution has elapsed.

The General Shareholders' Meeting may also authorise the Board of Directors to resolve upon capital increases in conformity with what is provided by law.

Article 8.- The shares shall be represented by means of book entries under the conditions and requirements laid down by current Spanish legal provisions.

Article 9.- The shares are indivisible with in relation to the Company. In the event that one or more shares belong in co-ownership to several persons, these must be represented by one single person for the purposes of exercising their rights as shareholders.

Article 10.- Each share shall bear entitlement to ownership of the company's assets, in the event of dissolution, to a proportional part of those which are in circulation and to the disbursements or contributions charged to them.

Participation in the company's profits shall be governed by the provisions of Article 34.

Article 11.- The rights and obligations corresponding to each share are inherent to it. Ownership or possession of a share implies, de jure, submission to these Bylaws and to the agreements of the General Shareholders' Meeting and of the Board of Directors, validly adopted in accordance with their respective powers.

The shares shall be transferable between Spanish natural or legal persons without any limitation; and to foreign natural or legal persons, with the lawful limitations that may exist in each case.

Article 12.- In order to carry out its object, best develop its operations or meet its needs, the Company, may issue bearer or registered debentures of any type, with or without a mortgage, for the amount and under the conditions it deems appropriate and without any other restrictions aside from those established under the Law.

The General Meeting may also delegate the power to issue debentures to the Board of Directors.

CHAPTER III. ADMINISTRATION OF THE COMPANY

Article 13.- The Company is governed and administered by a Board of Directors comprised of a minimum of eleven members and a maximum of twenty-one, shareholders or not, who shall be subject to the duties legally established and, in particular, to those of sound administration, trustworthiness, loyalty and confidentiality under the terms regulated by the legislation in force at all times.

Article 14.- The members of the Board of Directors of the Company shall be appointed by the General Shareholders Meeting or, in the event of an anticipated vacancy, by the Board of Directors itself. Should a vacancy arise when a General Meeting has been called, the Director appointed from its members shall remain in office until the next General Shareholders' Meeting. The legal provisions in force shall be observed when selecting Board Members. Board Members shall hold their positions for four years. Directors may be re-elected one or more times for terms of the same maximum duration. The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

Article 15.- The Board shall appoint, from among its members, a Chairman, and may also appoint one or two Vice-Chairmen, who shall maintain such functions until their termination, dismissal or resignation as Board Members, and they may always be re-elected.

A Secretary shall also be designated from among its members or from outside. If not a Board member, such Secretary would have the right to address the Board, but not to vote.

The Board, with the objective to guarantee the best management of the Company will approve a set of Bylaws that will reflect the internal rules of the Board as well as its administration, in accordance with the law and the Bylaws. The General Shareholders' Meeting will be notified of the existence of aforementioned Bylaws.

Article 16.- "An Executive Director may hold the position of Chairman of the Board of Directors. In such instance, the appointment of the Chairman must be voted for by two thirds of the Board Members.

Should the Chairman be an Executive Director, the Board of Directors, with the abstention of the Executive Directors, shall appoint a Coordinating Director from the Independent Directors, who will be specially enabled to request that a meeting of the Board of Directors be called, or the inclusion of new points in the Agenda of a meeting already called, as well as to coordinate and unite the Non-Executive Directors and lead, if appropriate, the regular appraisal of the Chairman of the Board of Directors.

The Board of Directors shall always meet whenever the interests of the Company so require, by means of a call made by the Chairman, or in absence thereof, by the Deputy Chairman, either at their own initiative or at the petition of two or more Board Members or of the Coordinating Director, if applicable. It shall hold its meetings at the Company's registered office or in another location designated in the Call. In order for the Board Meeting to be valid, the majority of members must be in attendance either by proxy or in person. The Board Members who are absent or unable to attend the meeting personally may be represented therein and cast their vote by delegating special powers to another Board Member. Non-Executive Directors may only delegate their representation to another non-Executive Director.

Attendance of Board Members at the Board of Directors meetings shall be equally valid by means of remote communication, provided that these means allow the Board Members attending to mutually recognised and identify each other, to be in permanent communication, and to take the floor and vote in real time. Board of Director meetings that are attended by Board Members through means of remote communication, in accordance with that provided in this article, shall be considered unique and held at the location from where the Chairman of the body, or whoever

stands in for him, is attending. The meeting minutes and certificates of the resolutions must express the adoption thereof.

The Board Members that constitute at least one third of the members of the Board may call a meeting, indicating the agenda and as to whether the meeting is to be held at the company's registered office, if the Chairman failed to call the meeting, without just cause, within a period of one month after having submitted the request to do so.

In the event that, due to lack of Board Members, either in person or by proxy, the Board could not be validly convened, a new meeting shall be called and if in that call it could not be validly convened either, the General Shareholders' Meeting shall be called by the Chairman or a Deputy Chairman, so that it may adopt the pertinent resolutions once informed of the situation.

In order for decisions to be valid, the absolute majority of the Board Members in attendance at the meeting, present or represented, must be in agreement.

Article 17.- The Board's decisions shall be recorded in minutes which shall be written up in a special book. These shall be signed by the Chairman or whoever substitutes him and by the Secretary. The statements, copies and certifications of the Board's Minutes shall bear witness and shall be deemed authentic, being authorised by the Secretary with the approval of the Chairman or of another Director executing his functions.

Article 18.- The Board of Directors is granted the most extensive powers for representing the Company and administering its business, and for carrying out any operations comprised within its corporate object or relating thereto. Particularly, and without the list below limiting such extension of powers, it may execute the following actions:

- a) Create, organize and direct the Company's establishments and activities.
- b) Issue and approve the system of internal rules and regulations, and appoint, suspend and dismiss the Directors, employees, agents and any personnel providing services to the Company, stipulate their functions and duties, and establish their salaries, wages and remunerations.
- c) Claim and receive all and any cash sums, chattels, securities and any other payment in kind that must be handed over to the Company, regardless of whoever may be the persons and entities obliged to pay, including the State, provinces and districts, the nature and amount, denomination and origin of the obligations, liquidate accounts; establish and settle balances and formalize receipts and releases.
- d) Appear and perform judicial acts before the Government and the Public Administration, before Authorities of all orders and categories, presenting all kinds of legitimate claims, following all the steps in such proceedings and events until a decision is obtained, in addition to any lawful legal remedy relating thereto, and cease and desist from claims and actions at any stage in the proceedings.
- e) Represent the Company before Courts of all orders, classes and degrees, both actively and passively and to desist from actions in course.
- f) Subscribe, with the Public Administration and with any public and private persons, any kind of contract relating to works, services and supplies, under any condition and form, therefore including those by competition and tender.
- g) Approve and carry out purchases, sales, swaps, assignments, leases, subleases and any other acquisition and sale of real or personal property, credits, real and personal rights; to lay down, exercise and waiver preferential right to purchase and to redemption and any conditions relating to suspension, resolution or termination. Settle and compromise in arbitration and conciliation.
- h) Accept, qualify, postpone and subrogate, divide, increase, reduce, constitute and cancel, wholly or partially, mortgages, leaseholds, easements, deposits, seizures, provisional notations and other

liens, obligations and real or other rights and waiver any kind of action or privilege by means of payment or without such payment.

i) Contract loans or advances with or without interest, security, mortgage and other guarantees and under any kind of condition and to provide any kind of guarantee or counter-guarantee in favour of third parties. Nevertheless, loans by means of bond issues must be authorized by the General Shareholders' Meeting.

j) Constitute and withdraw deposits and guarantees, consignments, open, close and liquidate current and credit accounts in Banks or otherwise with or without guarantee under any kind of condition.

k) Issue, accept, endorse, discount, guarantee, collect and negotiate bills of exchange, promissory notes, mail transfers, cheques, invoices and other draft or trade documents.

l) Involve and interest the Company in the incorporation and operations of other Companies and enterprises, and represent it therein.

m) Determine the investment of available funds and the utilisation of reserves.

n) Determine overheads for Company Administration and the amount for ordinary and extraordinary amortizations; prepare the accounts, inventories, balance sheets and budgets, and draw up the reports to be submitted to the General Shareholders' Meeting at the end of each accounting period.

o) Propose the amount for dividends and agree upon the distribution of any amount by way of advance and credited against such dividends.

p) Convening the General Shareholders' Meeting and execute its decisions, except in the event of special delegation to one of the Directors or other any person.

q) And, in short, enact all matters relating to the interests of the Company and those concerning its disposition and administration.

Article 19. - The Board may establish an Executive Committee with the composition, organisation and powers it deems appropriate. It may also delegate its powers, in full or in part, to one or more of its members, who will adopt the title of Managing Directors.

It may also confer general and special powers on any person, for as many matters as it deems appropriate related to the administration and the businesses to which the Company dedicates itself, whatever types they may be.

In all of the cases included in this article, the Board may grant, likewise, the powers to substitute definitively or with limitations.

Notwithstanding the foregoing, the preparation of the financial statements and their submission to the General Meeting, the powers granted by the General Shareholder Meeting to the Board of Directors (unless expressly authorised for sub-delegation), or other powers which by Law cannot be delegated, may not be subject to delegation, without prejudice to urgent, duly justified circumstances requiring the delegated bodies or persons to adopt the corresponding decisions, which shall be ratified in the first session of the Board of Directors held following adoption of the decision.

Article 20. - The permanent delegation of some of the Board's powers to the Executive Committee or to the Managing Directors, and the appointment of such positions, in order to be valid, shall require the favourable vote of two thirds of the Board members, and shall not be deemed valid until registered at the Mercantile Registry.

Article 21 – There will be an Audit Committee which will be comprised exclusively by Non-Executive Directors appointed by the Board of Directors, at least two of whom shall be

Independent Directors, and one of whom will be appointed due to his/her knowledge and experience in accounting, auditing or both.

The Chairman of the Audit Committee shall be appointed from the other independent Directors forming part thereof, and shall be substituted every four years. They may be re-elected after the term of one year has elapsed from the moment of termination.

Without prejudice to the other duties bestowed by the Regulations of the Board of Directors, the Audit Committee shall have the duties determined by Law.

Article 22 – An Appointments and Remuneration Committee shall exist, which shall be formed exclusively of Non-Executive Directors appointed by the Board of Directors, at least two of whom shall be Independent Directors. However, the Regulations of the Board of Directors may establish a Nominations Committee and a separate Remuneration Committee. The Chairman of the Committee or Committees shall be appointed from among the Independent Directors forming part thereof.

Without prejudice to the other duties bestowed by Law or by the Regulations of the Board of Directors, the Appointments and Remuneration Committee shall have the duties determined by Law.

Article 23 – The Board of Directors may constitute other specialist Committees, in addition to the Audit Committee and the Appointments and Remuneration Committee.

The Regulations of the Board of Directors shall establish the number of members and shall govern the functioning of the Audit Committee, the Appointments and Remuneration Committee and the other specialist Committees established by the Board of Directors.

Article 24.- The Directors, provided that they comply with the commission received and the stipulations contained herein, undertake no personal obligation nor responsibility for the progress and outcome of business operations, except for those specifically provided for by the legislation in force.

CHAPTER IV. GENERAL SHAREHOLDERS' MEETING.

Article 25.- The General Shareholders' Meeting is the principal governing body of the Company and its decisions, adopted in accordance with the provisions herein, are deemed obligatory for all shareholders, including those absent, dissenting and abstaining.

Meetings shall take place on the day and in the place stipulated in the notification, in the town where the company has its registered address. However, the General Meeting may be held at any other place in the Spanish territory or abroad if the Board of Directors so establishes it when calling the meeting.

The General Shareholders' Meeting may be attended either at the venue where the meeting is going to be held or, as the case may be, at other places provided by the company, stating them in the notice, which are connected with the first venue by means of any valid systems allowing the recognition and identification of the attendants, the permanent communication between those present regardless of where they are located, as well as the intervention and casting of votes, all in real time. The main venue must be located within the municipal district stated in the notice as the place where the Meeting will be held, but this is not necessary for the ancillary venues. The attendants at any of the places will be considered, for all purposes in respect of the General Shareholders' Meeting, as attendants of one same meeting. The meeting will be deemed to have been held at the place where the main venue is located.

The General Shareholders' Meeting will approve its own Regulations of Operation.

Article 26.- The General Shareholders' Meeting shall be made up of all holders of at least a hundred shares, either present or represented. The owners or holders of less than a hundred

shares may group together to complete this number, and cause themselves to be represented either by one of such group, or by another shareholder that owns by himself the necessary number of shares to participate in the general Meeting.

Article 27.- An ordinary General Meeting, previously called for this purpose, shall meet within the first six months of each financial year in order to, if applicable, approve the conduct of the company's business and the financial statements for the preceding year, and resolve upon the distribution of profit or allocation of loss.

An Ordinary General Shareholders' Meeting shall be valid even if it is called or held outside this period.

Furthermore, they will be held extraordinarily provided that the Board of Directors so resolves by its own initiative or at the request of one or more shareholders who represent at least three per cent of the paid-in capital, stating in their request the matters to be addressed in the Meeting. In such case, the Meeting must be held within two months from the date on which the directors were requisitioned by notary to call the meeting and the proposed motions shall be included on the agenda. If the General Shareholders' Meeting is not called within the period established by law or the Company's Bylaws, the meeting may be convened upon the request of any shareholder, by the corresponding Commercial Court Judge for the area in which the Company has its registered office and after a hearing of the directors. Should the directors fail to attend to the request to convene a General Shareholders' Meeting made by the minority in a timely manner, a meeting may be called by the Commercial Court Judge for the area in which the Company has its registered office after a hearing of the directors.

In the event of the request for a court summons, judges shall hand down a judgement within one month from the date of the request and if agreed, freely appoint the chairman and secretary of the meeting. A judge's decision to order a meeting to be called may not be appealed. The expenses of the court order shall be charged to the Company. In the event of the death or resignation of the majority of the members of the Board of Directors, if there are no substitutes, any shareholder may request the commercial court judge for the area in which the Company has its registered office to call a General Meeting for the purpose of appointing directors. In addition, any of the members who continue to hold office may call a General Meeting for this sole purpose.

Article 28.- Ordinary or Extraordinary General Meetings shall be convened, following resolution by the Board of Directors, by its Chairman or in his absence by a Deputy Chairman, or by the Secretary, by means of notice published in the Official Bulletin of the Mercantile Registry, or in one of the major newspapers in Spain, on the National Securities Market Commission web page and on the Company's web page, at least one month before the date stipulated for it to be held, or in any other manner and time period laid down under current Spanish legislation. Extraordinary General Meetings may only be called fifteen days in advance in accordance with the requirements envisaged by law.

The call will include the date of the meeting on first call and all of the matters to be addressed, as well as all of the information which is legally necessary. Likewise, the call may include the date, where applicable, when the Meeting shall be held on the second call. A period of at least twenty-four hours must elapse between the first and second call.

Shareholders with shares representing at least three percent of the share capital may request that a supplement to the call notice of the Ordinary General Meeting be published including one or more items to be put on the Agenda. This right must be exercised through a notice by duly authenticated means to be received at the Company's registered office within five days following publication of the call notice. The additional items shall be published at least 15 days prior to the date set for the Meeting.

Similarly, shareholders that represent at least three per cent of the share capital may, within the period indicated in the paragraph above, submit supported proposals for resolutions on matters already included or that must be included in the agenda of the meeting called. The Company shall ensure that these proposals for resolutions and the documentation attached thereto, as the case may be, is continuously published on its web page when received.

If shareholders attend the Meeting by telematic means which duly guarantee the identity of the subject, the call notice shall specify the deadlines, forms and methods to exercise the shareholders' rights stipulated by the Board of Directors to enable the ordered process of the Meeting. In particular, the Board of Directors may determine that the speeches and motions which, pursuant to the law are to be made by shareholders attending by telematic means, must be sent to the Company prior to the convening of the Meeting. The responses of the shareholders exercising the right to information during the Meeting shall be given in writing within seven days following termination of the Meeting.

Notwithstanding the foregoing, the Meeting will be validly convened to address any matter, provided that all of the share capital is represented and all the attendees except unanimously its celebration.

Article 29.- General Shareholders' Meetings shall be chaired by the Chairman, or in his absence by a Vice-Chairman, and the Secretary to the Board of Directors shall act as its Secretary. The Shareholders' Meeting may agree that the chairman and secretary of each Meeting be freely appointed at each Meeting. Agreements shall be adopted by majority vote of shareholders, whether present or represented, except in cases where the legislation in force requires a qualified majority. Each shareholder shall be entitled to as many votes as shares he owns or represents, which can be entrusted through postal correspondence or telegraph or any other remote means of communication, as long as the identity of the party bestowing the shares can be guaranteed through these procedures. Shareholders with a right of attendance may cause themselves to be represented in the Meeting by any person. Representation conferred by shareholders only entitled to vote by grouping together may correspond to any person among them.

Any shareholder that is entitled to attend may cause themselves to be represented at the Meeting by means of another person. Representation must be especially conferred in writing or by electronic means. The company will establish the system for the electronic notification of the appointment, with the necessary and proportionate formal requirements to guarantee the identification of the shareholder and the proxy or proxies appointed by the former. Proxies are to be appointed specifically for each Shareholders Meeting, in accordance with the conditions and scope laid down by the Spanish Limited Liability Companies Law, except in the case of a spouse, an ascendant or descendant relative of the represented shareholder or an attorney with general powers, registered with official notary, to administer the entire assets that the represented shareholder owns within national territory.

Proxies shall always be revocable, and the revocation must be documented and communicated to the company by the means described in the preceding paragraph.

If instructions have been given by the shareholder who is represented, the proxy will vote in accordance with same and will under the obligation of conserving those instructions during one year following the relevant General Meeting.

The proxy may represent more than one shareholder, with no limitations regarding the number of shareholders represented. When a proxy represents several shareholders, different votes may be cast according to the instructions given by each shareholder.

In any event, the number of shares that are represented will be counted in order to determine that there is a quorum for the Meeting.

Prior to the appointment, the proxy must provide the shareholder with detailed information regarding whether there is a situation of conflict of interest. If the conflict arises after the appointment and the represented shareholder was not warned of the possible existence thereof, the shareholder must be informed immediately. In either case, if precise new instructions are not given for each one of the matters on which the proxy must vote on behalf of the shareholder, the proxy must refrain from voting. In particular, there may be a conflict of interest when the proxy is in any of these situations:

- a) He/she is a controlling shareholder of the company or an entity controlled by it.

- b) He/she is a member of the board of directors, the management board or the supervisory board of the company or of the controlling company or of an entity controlled by it.
- c) He/she is an employee or an auditor of the company, of the controlling company or of an entity controlled by it.
- d) He/she is a natural person related to the foregoing. Related natural persons are deemed to be: the spouse or the person's spouse in the two prior years, or persons cohabiting with a similar relationship of affection or persons who cohabited regularly during the two prior years, as well as the ascendants, descendants, siblings and their respective spouses.

Personal attendance by the represented shareholder at the Meeting shall be equivalent to such revocation.

Article 30.- In order to exercise right of attendance at the General Shareholders' Meeting, ownership of the shares must be registered in the corresponding book entries at least 5 days of advance of the date on which the Meeting is to take place.

Article 31.- The shareholders may request from the directors, or formulate in writing, up until the fifth day prior to the date the Meeting is to be held, or verbally at the Meeting, the reports or clarifications they deem necessary regarding the matters included in the Agenda. Shareholders may seek information or clarifications or formulate questions in writing regarding any information accessible to the public that shall have been provided by the Company to the National Securities Market Commission since the date of the last General Meeting, with the limits and effects set out by Law.

Article 32.- The Ordinary or Extraordinary General Meeting shall be validly convened at first call when the shareholders present or represented possess at least twenty-five percent of the subscribed capital with a right to vote; the second call shall be validly convened whatever the amount of capital is represented.

Notwithstanding the foregoing paragraph, in order for the General Shareholders' Meeting to be able to validly agree upon capital increases or reductions or any other amendment of the Company Bylaws, the issue of notes, the elimination or limitation of the right of first refusal of new shares, the transformation, merger or division of the Company, the assignment en bloc of assets and liabilities or the transfer of the registered office to a foreign country, or the dissolution by resolution of the General Meeting without any cause requiring as such, shareholders representing at least fifty percent of subscribed share capital with a right to vote must be present or represented at first call, or attendance of twenty five per cent of such capital at second call.

Corporate resolutions shall be adopted by simple majority of votes of the shareholders present or representing in the Meeting. A resolution shall be understood as adopted when more votes are cast in favour than against by the present or represented capital, unless these are resolutions mentioned in the foregoing paragraph, in which case they shall require the absolute majority at first call, and the favourable vote of two thirds of the capital present or represented at the Meeting at second call.

Article 33.- Corresponderá a la Junta General la aprobación de las cuentas anuales, la aplicación del resultado y la aprobación de la gestión social, el nombramiento y separación de los administradores y las demás competencias que determinen la Ley o los Estatutos.

Article 34.- The decisions of the Meetings, with a summary of matters discussed and of such interventions for which a written record has been requested, shall be registered in Minutes, in accordance with the legal requirements, which shall be signed by the Chairman and the Secretary or whosoever may have substituted them. The Minutes of Meetings may be approved by the Meeting itself subsequent to being held or, in the absence of such approval, within a period of fifteen days, by the Chairman and two controllers, one representing the majority and another the minority.

Minutes approved in any of these two ways shall be effective as of the date of their approval.

Certifications of the Minutes and the agreements of General Shareholders' Meetings shall be issued by the Secretary to the Board of Directors, and in his absence, by the persons empowered to do so hereby and by the Regulations of the Mercantile Registry, and with the approval of the Chairman or, where appropriate, of the Vice-Chairman of the Board itself.

Article 35.- The financial year shall coincide with the calendar year.

The Board of Directors is required to prepare the financial statements, directors' report and proposed distribution of profit within three months following the end of the financial year. The financial statements shall comprise the balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes to the financial statements. These documents, which are to constitute a unit, shall be drawn up clearly and shall present fairly the Company's equity and financial position and the results of its operations, in accordance with Spanish law and the Commercial Code and shall be signed by all directors.

Article 36.- The Ordinary General Meeting shall resolve upon the distribution of profit or allocation of loss in accordance with the approved balance sheet. Of the profits obtained in each period, once the value of the legal reserve and all other issues that are legally established have been covered and the appropriate amount for minimum dividend of one per cent of shares with no vote according to the ruling in Article 6 of these Bylaws has been put aside, the Shareholders General Meeting can apply what it deems as convenient to a voluntary reserve and any other consideration legally permitted.

The rest, where applicable, shall be destined to the distribution of dividends in the quantity that the General Shareholders' Meeting agrees between the ordinary shareholders in proportion to the capital value of each share, with subsequent compliance with all legal requirements.

Article 37.- The remuneration of Directors in their position as such shall be a fixed amount.

The determination of the fixed amount for each Director shall be performed by the Board of Directors, which will take into account the duties and responsibilities, participation in Committees of the Board of Directors and other relevant circumstances.

The maximum annual remuneration of the Directors as a whole in their condition as such shall be approved by the General Meeting in the remuneration policy, and shall remain in force unless an amendment thereto is approved.

The remuneration of Directors who are allocated executive duties, including compensation for early termination and any other amounts to be paid by the Company as insurance premiums or contributions to savings schemes, shall be in compliance with the remuneration policy approved by the General Meeting, and shall be contained in the contract that shall be signed with each of the Executive Directors, detailing all items. This contract must be subject to prior approval by the Board of Directors, voted for by at least two thirds of its members.

It is expressly authorised that the remuneration of all or any of the Board Members may comprise delivery of shares in the Company or options thereupon, or be referenced to the value of said shares, should the General Meeting decide as such, determining the maximum number of shares that may be allocated in each financial year, the price and system of calculation of the price to exercise options, or the value of shares that, in each instance, is taken as reference, and the duration of the plan. The General Meeting may delegate the determination of any other aspect of this type of remuneration to the Board of Directors.

Article 38.- In the event that the General Shareholders' Meeting agrees on the payment of dividends, the Directors shall specify the place, term and method of payment. The Board of Directors may agree upon the distribution of amounts disbursed as dividends, in accordance with the provisions laid down by the legislation in force.

The General Meeting may resolve that the dividend be fully or partially paid in kind, provided that the goods or securities to be distributed are homogeneous, they are listed on an organised market at the time when the resolution becomes effective or the company duly guarantees that liquidity will be obtained within a maximum term of one year.

Article 39. - Dividends not claimed within a five-year term as of the date on which they fell due shall prescribe in the Company's favour.

**CHAPTER V.
DISSOLUTION - LIQUIDATION.**

Article 40. - The Company shall be dissolved for the reasons and in accordance with the formalities provided under Spanish law.

Article 41.- Once the Company has been dissolved, the period of liquidation shall commence, except in the event of merger, total division or any other general assignment of assets and liabilities.

During the period of liquidation, Directors shall assume the functions of liquidators - with the powers granted by Law - and shall agree upon a settlement and division in accordance with the decisions of the General Shareholders' Meeting and the provisions in effect, and should their number be even, the General Shareholders' Meeting shall appoint a further person as liquidator, by majority vote, rendering the number uneven.

Having satisfied the company's creditors and covered the amount of their credits, in the event that they were outstanding, or having previously insured such payment in the case of non-outstanding credits, the resulting assets shall be distributed among shareholders, in accordance with the legislation in force.

**CHAPTER VI.
INCIDENTS.**

Article 42.- Any disputes or claims that may arise between shareholders and the Company, whether during the Company's subsistence or during the period of liquidation, shall be subject to the decision of the Courts in the same city as the Company's registered offices.