

# **PROPOSED RESOLUTIONS**

## **Ordinary General Meeting of Enagás S.A. Shareholders**

**24 April 2003 (first call)  
25 April 2003 (second call)**

## 1st RESOLUTION

Review and approval, where applicable, of the Annual Accounts and Management Report for both Enagás S.A. and its Consolidated Group, of the Proposed Profit Distribution for Enagás S.A., and of the Performance of its Board of Directors, all corresponding to Fiscal 2002.

Approval of the following resolutions by the Ordinary General Shareholders' Meeting is proposed:

- "Approve the Annual Accounts (Balance Sheet, Profit and Loss Account and Report) and the Management Report corresponding to the fiscal year running from 1 January to 31 December 2002, both for Enagás S.A. and its Consolidated Group.
- Approve the management of the Board of Directors in Fiscal 2002.
- Approve the Enagás S.A. profit distribution for Fiscal 2002, amounting to a net profit of €107,821,828.25, according to the distribution proposal drawn up by the Board of Directors:

<u>Distribution</u>	<u>Euros</u>
Legal Reserve	10,782,182.83
Dividend	55,035,408.96
Voluntary Reserve	42,004,236.46
<b>Total Profit:</b>	<b>107,821,828.25</b>

- Pay out a final dividend as of 3 July 2003, for the sum of €33,549,325.96.

**Said figure is the result of deducting the interim dividend of €21,486,083, agreed to by the Board of Directors on 22 November 2002 and paid out to shareholders in January 2003, from the total dividend for the fiscal year, which came to €55,035,408.96.**

**The total dividend proposed for approval in accordance with the preceding paragraph comes to gross €0.23053 per share, the taxes to be paid by the shareholders. Having paid out the interim dividend, which came to gross €0.09 per share, the sum of €0.14053 per share should now be paid out, deducting the legally applicable taxes."**

## **3rd RESOLUTION**

**Amendment of Article 42 of the Company Bylaws and incorporation of a new Article 42. bis) that regulates the Audit and Compliance Committee pursuant to the terms of Article 47 of Law 44/2002.**

Article 47 of Law 44/2002, of 22 November, on Measures to Reform the Financial System, adds a new Eighteenth Additional Provision to Law 24/1988, of 28 July, on the regulation of the Securities Market, under which stock-issuing companies are obliged to statutorily regulate certain organisational and functional aspects of the Audit and Compliance Committee, such as the establishment of the number of its members, of the competencies assigned and of how the sessions will be carried out.

As a result of all that set out above, the approval of the amendment of Article 42 of the Company Bylaws, such that it read as follows, is proposed:

### **"ARTICLE 42. - DELEGATION OF POWERS.**

**The Board of Directors may create an Executive Committee, establishing in each case the composition it shall have and the individuals that will hold offices on it. The Executive Committee shall meet whenever the Chairman calls a meeting or the majority of its members so request.**

**Likewise, the Board of Directors may designate a Chief Executive, to whom it may delegate whatever powers it deems necessary.**

**Under no circumstances may the presentation of accounts or balance sheets to the General Meeting be subject to delegation, nor those powers the Meeting might confer upon the Board of Directors, except where the Meeting has given its express authorisation."**

Likewise, the approval of the incorporation of a new Article 42 bis) is proposed, to regulate the Audit and Compliance Committee pursuant to the terms of Article 47 of Law 44/2002, and to read as follows:

**"ARTICLE 42 bis).- AUDIT AND COMPLIANCE COMMITTEE.**

**The Board of Directors shall have an Audit and Compliance Committee, which shall be composed of not more than four Directors, designated by the Board of Directors. The Chief Executive may not sit on the Committee. The Board of Directors shall chose a Chairman of the Committee from amongst said committee's members, and this Chairman shall not have the casting vote.**

**The Audit and Compliance Committee shall have the function of studying and making proposals to the Board with regard to the following matters:**

- Providing information at the General Shareholders' Meeting on those questions brought up by shareholders that fall under its competency.**
- Making proposals to the Board of Directors, for submission at the General Shareholders' Meeting, concerning the appointment of the external auditors to**

which Article 204 of the Corporations Act refers, as well as their remuneration.

- **Supervision of the Company's internal audit services and knowledge of financial information processing and internal control systems, in order to achieve the most exacting monitoring possible of the development of the annual audit.**
- **Maintaining a close relation with external auditors in order to receive information on those questions that might jeopardise the independence of the latter or on any other question provided for in the legislation and technical rules for auditors, as well as to act as a channel of communication between the Board of Directors and the auditors, such that the results of each audit can be evaluated with the utmost objectivity.**
- **Examining the information on the Company's activities and results periodically drawn up pursuant to current laws on the stock market, ensuring the transparency and exactness of the information, as well as the compliance, in these areas, with the Internal Code of Conduct and the Rules of Procedure for the Board of Directors on the part of those individuals subject to comply therewith.**

**The Committee, whose meetings shall be called by its Chairman, shall meet at least four times a year. The Company's external Auditor may attend its meetings, and the Finance Director, the Internal Audit Manager and any other Executive the Committee might deem necessary may be summoned to provide reports. It may request whatever collaboration it might need to carry out its functions from said Executives."**

## 4TH RESOLUTION

**Modification of the Company Bylaws, incorporating a new Article 42.ter) that regulates the Appointments and Remuneration Committee.**

Although the current legal system does not impose any obligation on stock-issuers to regulate the organisation and operation of the Appointments and Remuneration Committee in their Company Bylaws, it seems appropriate to standardise the criteria and statutory location of the regulations for the two Board Committees presently in operation.

As a result of all that set out above, the approval of the incorporation of a new Article 42 ter), intended to regulate the Appointments and Remuneration Committee and to read as follows, is proposed:

**"ARTICLE 42 ter). - APPOINTMENTS AND REMUNERATION COMMITTEE.**

**The Board of Directors shall have an Appointments and Remuneration Committee, which shall be made up of not more than four Directors, designated by the Board of Directors; the majority of its members shall be Independent Directors. The Board of Directors shall chose a Chairman of the Committee from amongst said committee's members, and this Chairman shall not have the casting vote.**

**The Committee shall have the function of studying and making proposals to the Board with regard to the following matters:**

- **Establishing the criteria for the remuneration of the Company's Directors, pursuant to the terms of the Bylaws and in accordance with whatever the**

General Meeting might indicate, as well as ensuring the transparency of said remuneration.

- **Establishing the general remuneration policy for Enagás Executives, as well as the guidelines concerning the appointment, selection, career path, promotion and dismissal of top Executives, in order to ensure that the Company has, at all times, the highly qualified personnel needed to manage its activities.**
- **Reviewing the structure of the Board of Directors, the criteria to inform the statutory renewal of the Directors, the incorporation of new members and any other aspects related to the Board's composition that it might deem necessary.**
- **Informing the Board about any transactions that involve, or might involve, conflicts of interest.**

**The Committee shall meet at least four times a year, the meetings will be called by its Chairman, and it may request any opinions, whether internal or external, or Executive appearances it might deem necessary to carry out its functions. The Chairman of the Board of Directors may not be appointed Chairman of this Committee, nor may he participate in the deliberations held to establish his remuneration.**



## 5TH RESOLUTION

### **Amendment of Article 35 of the Company Bylaws and incorporation of a new Article 35 bis) that regulates the payment scheme for members of the Board of Directors.**

Current Enagás Bylaws provide, in a single article, for the composition of the Board of Directors and the remuneration corresponding to its Members. In keeping with the policy of clarity and transparency adopted by the company at the start of its new era, it would be advisable to separate the two issues, distinguishing between matters concerning the Board's composition and matters related to the regulation of the remuneration of its members.

In accordance with the most advanced reports on the subject, it has been deemed advisable to dissociate the remuneration of the directors from the profits earned by the company in a given fiscal year.

In short, recent trends in questions of Board remuneration show that an appropriate remunerative scheme must promote the participation of Board members and reflect their actual dedication, whereas the evolution of shares listed in the markets or the result of a given fiscal year might well obey reasons wholly unrelated to the directors' decisions, their management and, even, the company itself.

Because of these reasons, the Board has not, so far, deemed it appropriate to apply the remuneration provided for in paragraph seven of Article 35 of the Bylaws (remuneration equal to 4 percent of the clear profit) and, moreover, believes that, since the use of said remunerative option is not projected for the near future, its suspension and removal from the Bylaws is advisable.

According to all that set out above, a remunerative scheme for the Directors has been established, designed to reflect both the liability



associated with the exercise of the office, as well as the real dedication of members and their attendance at sessions, without eliminating or reducing, whatsoever, the competencies of the General Meeting, to whom the determination of the maximum amount to be earned by Directors, as well as the form and the criteria to be taken into account regarding the specific assignment and distribution of the remuneration, corresponds.

As a result of all that set out above, the amendment of Article 35 of the Company Bylaws, such that it read as follows, is proposed:

**"ARTICLE 35. - COMPOSITION OF THE BOARD.**

**The company shall be governed and managed by the Board of Directors, to whom, as a body, the representation of the company shall correspond, both in and out of court. This representation shall be extended, without any limitation of powers, to all those acts comprised in the corporate purpose.**

**The Board of Directors shall have a minimum of 6 members and a maximum of 16, appointed by the General Meeting.**

**The choice of the members of the Board of Directors shall be decided by vote. To this end, those shares voluntarily grouped to reach a share capital figure equal to or greater than that produced by dividing said share capital by the number of Board members, shall have the right to designate those individuals corresponding to the proportion in excess of a whole number. In case of exercise of this power, the shareholders thus grouped will not participate in the vote for the remaining Board members.**



Likewise, the approval of the incorporation of a new Article 35. bis) into the Company Bylaws is proposed:

**"ARTICLE 35 bis). - REMUNERATION OF THE BOARD OF DIRECTORS.**

**The position of Director shall be remunerated.**

**The General Shareholders' Meeting shall determine the total maximum remuneration to be received by the members of the Board of Directors, which shall be a cash sum corresponding to one year or whatever period of time the Meeting might establish.**

**When determining the remuneration, the General Meeting may decide that a given portion will go to the remuneration of the position of director itself, equal for all members, and that another will be distributed by the Board of Directors according to whatever criteria the General Meeting might stipulate.**

**Directors may also be remunerated with company shares, options on shares or other securities entitling them to acquire shares, or through remunerative systems referenced to share prices. The application of said systems shall be determined by the General Meeting, which shall establish the price of the shares to be used as a reference, the number of shares to be given to each Director, the price of exercising an option, the time period of the system that is accorded and any other conditions it might deem necessary.**

**The remuneration provided for in this article shall be compatible with, and independent from, any salaries, payments,**



**indemnities, pensions or any other kinds of compensations, whether of a general or one-time nature, given to those members of the Board of Directors who maintain a common or specific executive or service-providing relation with the Company. Moreover, said relations shall be compatible with membership on the Board of Directors.**

**Board members shall be entitled to the payment or refund of any expenses they might incur as a result of their attendance at meetings and other tasks directly related to the exercise of their office, such as those related to travel, accommodation, meals and any other expense they might incur.**

## 6TH RESOLUTION

### **Approval of a consolidated text for the Company Bylaws.**

In order to have a new consolidated text for the Company Bylaws, which includes the statutory modifications in the proposed resolutions and reflects the new numbering, the approval of a new consolidated text for the Company Bylaws, in accordance with the text incorporated below, is proposed:

### **"CONSOLIDATED TEXT OF THE COMPANY BYLAWS"**

#### **TITLE I**

#### **COMPANY NAME, PURPOSE, REGISTERED OFFICE AND DURATION**

##### **ARTICLE 1. - COMPANY NAME.**

Under the name Enagás S.A., there exists a corporation to be governed by these Bylaws, by Royal Legislative Decree 1564/1989, of 22 December, establishing the Consolidated Text of the Corporations Act, and by any other general provisions that might apply.

##### **ARTICLE 2. - CORPORATE PURPOSE.**

The corporate purpose comprises:

- a) Activities pertaining to the regasification, basic and secondary transportation and storage of natural gas, through use of the corresponding gas infrastructures or installations, whether owned or belonging to third parties, as well as auxiliary activities and activities related to those set out above.



b) The purchase and sale of natural gas, as well as any other complementary activities that might be required, to supply the tariff market.

c) The design, construction, starting up, exploitation, operation and maintenance of all kinds of gas infrastructures and complementary installations, including telecommunication networks, remote and all other forms of control and electrical grids, whether owned or belonging to third parties.

d) The development of all those functions related to the technical management of the gas system.

e) The provision of a variety of services, among them, engineering, construction, advising and consulting services, related to the activities comprising the corporate purpose to the extent that they are compatible with the activities attributed to the Company by Law.

The activities set forth above may be carried out by the Company itself or through companies with identical or similar purposes in which it holds a share, and shall never exceed the scope and limits established by applicable legislation on Hydrocarbons.

### **ARTICLE 3. - REGISTERED OFFICE.**

The registered office is established in Madrid, on Paseo de los Olmos, 19, and the Board of Directors shall have the power to agree to the creation, suspension or relocation of branches and offices of any kind.

### **ARTICLE 4. - DURATION.**

The duration of the company shall be unlimited, and it commenced operations the day it was set up.

## **TITLE II**

### **SHARE CAPITAL AND SHARES**

**ARTICLE 5.** - The share capital is set at THREE HUNDRED FIFTY-EIGHT MILLION, ONE HUNDRED ONE THOUSAND, THREE HUNDRED NINETY EUROS, divided into TWO HUNDRED THIRTY-EIGHT MILLION,



SEVEN HUNDRED THIRTY-FOUR THOUSAND, TWO HUNDRED SIXTY shares with a par value of ONE EURO AND FIFTY EURO CENTS each.

**ARTICLE 6.** - The TWO HUNDRED THIRTY-EIGHT MILLION, SEVEN HUNDRED THIRTY-FOUR THOUSAND, TWO HUNDRED SIXTY shares with a par value of ONE EURO AND FIFTY EURO CENTS each into which the share capital is divided are represented by means of book entry securities, which are governed by Securities Market regulations and other applicable provisions.

**ARTICLE 7. - ACCOUNTING RECORD.**

The Entity responsible for keeping the Accounting Record for the shares is the Spanish Central Securities Depository (Servicio de Compensación y Liquidación de Valores), or whatever entity might replace it, along with its member organisations, pursuant to the terms of current legislation.

**ARTICLE 8. - SHAREHOLDER RIGHTS.**

A share grants its legitimate titleholder the status of shareholder, and it provides him with the following rights:

- a) The right to participate in the distribution of company earnings and in the equity arising from liquidation.
- b) The right of first refusal on the issue of new shares or on convertible debentures.
- c) The right to attend and vote at the General Meetings and to challenge company resolutions.
- d) The right to information.

The right to vote may not be exercised by those shareholders in default on the payment of capital calls. The amount corresponding to their shares shall be deducted from the total share capital to calculate the quorum.

Shareholders in default shall also lose the right to collect on dividends and the right of first refusal on new shares and on convertible debentures; nevertheless, upon payment of the sum for the capital call along with the accrued interest, shareholders shall be entitled to the payment of the non-prescribed dividends, although they shall not be



entitled to the right of first refusal if the term to exercise it has already expired.

#### **ARTICLE 9. - INDIVISIBILITY OF SHARES.**

The shares are indivisible. Joint owners of a share shall designate a single person to exercise the shareholder rights, and they shall be jointly and severally liable to the Company with regard to any obligations derived from the status of shareholder.

This rule shall also apply to those cases of joint ownership of stock options.

#### **ARTICLE 10. - USUFRUCT OF SHARES.**

In case usufruct shares, the status of shareholder shall correspond to the bare owner, but the usufructuary shall be entitled, at all times, to the dividends agreed to by the Company while the usufruct lasts. The exercise of all other shareholder rights shall correspond to the bare owner.

When the usufruct corresponds to shares that have not been fully paid up, the bare owner will be liable to the Company to meet the capital call, though the usufructuary may do so if the bare owner has not met this obligation within five days of the expiration date established for the making of said payment.

For those matters related to the usufruct of actions for which this article does not provide, the terms of Articles 67 through 71 of the Consolidated Text of the Corporations Act shall apply.

#### **ARTICLE 11. - PLEDGING OF SHARES.**

In case of pledged shares, the exercise of shareholder rights shall correspond to their owner, and the pledgee creditor shall be obliged to facilitate the exercise of said rights.

Should the owner breach the obligation to meet the capital call, the pledgee may meet this obligation itself or proceed to execute the pledge.

These same provisions shall apply in case of seizure of shares, provided they are compatible with the specific legal scheme for seizures.

#### **ARTICLE 12. - OUTLAY FOR THE SHARES.**





Shareholders shall contribute the portion of the capital that has not been paid up to the Company however the General Meeting might determine.

When a shareholder is in default, the Company may require him to meet the capital call, including the payment of any legal interest accrued and damages caused by the default, or dispose of the shares at the expense and risk of the debtor shareholder.

When the shares must be sold, this disposal shall be carried out by a member of the Stock Exchange, should the shares be tradable in the securities markets, or through an associated Trade Broker or Notary Public, should they not, and, where applicable, the original title deed shall be replaced with a duplicate.

Should it be impossible to make the sale, the share will be redeemed, with the ensuing reduction in share capital, and the Company shall keep any sums it has already received on account of the share.

#### **ARTICLE 13. - SHARES NOT FULLY PAID UP.**

Purchasers of shares that have not been fully paid up shall be jointly and severally liable to all prior endorsers, and, at the decision of the Board of Directors, for the payment of the non-paid up portion.

The endorsers shall be liable for a term of three years to begin as of the date of the respective endorsement, and any agreement contrary to the joint and several liability thus determined shall be null and void.

#### **ARTICLE 14. - RIGHT OF FIRST REFUSAL.**

In case of increase in capital through the issue of new ordinary or privileged shares, existing shareholders and titleholders of convertible debentures may exercise, within the term established for the purpose by the Company Board, which is not to be less than the minimum term provided for under current legislation, the right to subscribe a number of shares proportional to the par value of the shares they already own or of those that would correspond to the titleholders of convertible debentures were they to exercise the conversion option at that time.

Notwithstanding, the right of first refusal shall not exist in those cases provided for by current legislation or when said right has been suspended by the General Meeting, or, through its delegation, by the Board of Directors, once the procedures required under current law have been completed.

The right of first refusal shall be transferable in the same conditions as



the share from which it is derived. In case of increases in capital charged to reserves, the same rule shall apply to the right of free allocation of new shares.

**ARTICLE 15. - REDUCTION OF CAPITAL THROUGH THE PURCHASE OF OWN SHARES.**

In case of reduction of share capital through the purchase of Company shares for their redemption, said purchase must be offered to all shareholders.

For those cases where the reduction agreement is only to affect a certain class of shares, the terms of Article 148 of the Consolidated Text of the Corporations Act shall apply

Should the shares offered for sale exceed the number previously stipulated for the Company, each shareholder shall reduce the number of shares he or she has offered in proportion to the number of shares of which he or she is titleholder.

Conversely, save where otherwise provided for by the General Meeting resolution or purchase proposal, when the shares offered for sale do not reach the previously stipulated number, it shall be understood that the capital will be reduced by the amount corresponding to the purchased shares.

At all times, the shares purchased by the Company must be redeemed within the month following the conclusion of the purchase offer period.

**ARTICLE 16. - ISSUE OF DEBENTURES.**

Should convertible debentures be issued, Company shareholders shall be entitled to the right of first refusal on the convertible debentures.

Titleholders of convertible debentures pertaining to earlier issues shall be entitled to the same right in the proportion corresponding to the bases for conversion.

The right of first refusal may be suspended in those cases provided for under current legislation, meeting the requirements established therein.



## TITLE III

### **CORPORATE BODIES**

#### **ARTICLE 17. - GOVERNANCE AND MANAGEMENT.**

The Company's governance and management correspond to the General Shareholders' Meeting and the Board of Directors.

#### **SECTION 1.**

### **ON THE GENERAL MEETING**

#### **ARTICLE 18. - GENERAL MEETING.**

The shareholders, at a duly called and constituted General Meeting, shall decide by majority on those issues that fall under the competency of the Meeting.

The resolutions adopted by the General Meeting shall be binding for all shareholders, including those with dissenting opinions and those who did not participate at the session.

#### **ARTICLE 19. - TYPES OF MEETINGS.**

The General Meetings may be Ordinary or Extraordinary, and they shall be called by the Board of Directors.

#### **ARTICLE 20. - ORDINARY GENERAL MEETING.**

The Ordinary General Meeting, after having been called for the purpose, shall meet within the first six months of each fiscal year in order to review the company management, approve, when appropriate, the accounts from the previous fiscal year, decide on the profit distribution and appoint or re-elect, pursuant to the partial renewal of statutory authorities, Board Members.

#### **ARTICLE 21. - EXTRAORDINARY MEETINGS.**



All Meetings not provided for in the preceding article shall be construed as Extraordinary General Meetings.

The Board of Directors may call an Extraordinary General Shareholders' Meeting whenever it deems necessary for the company's interest. Moreover, it shall be required to call such a Meeting whenever shareholders representing at least 5% of the share capital so request, indicating the matters they wish to see discussed. In this case, the Meeting must be called and held within thirty days of the date on which the Board of Directors receives the notarial notice to hold it.

The Agenda shall necessarily include those matters constituting the subject of the request.

#### **ARTICLE 22. - CALLING OF MEETINGS.**

Both Ordinary and Extraordinary General Meetings shall be called through the publication of an announcement in the Official Gazette of the Registry of Companies and in one of the most widely-circulated newspapers in the province at least fifteen days prior to the date set for them to be held.

The announcement shall include the date of meeting on first call, as well as all of the issues to be discussed. It shall likewise indicate, where applicable, the date of the Meeting on second call.

The first and second calls must be separated by at least twenty-four hours.

#### **ARTICLE 23. - SPECIAL CALL.**

Should the Ordinary General Meeting not be called within the legally stipulated term, it may be called on behest of the shareholders, with the presence of the Board of Directors, by the Judge of the Court of First Instance corresponding to the company's registered office, who, moreover, shall designate the person to preside it.

The same call shall necessarily be made for Extraordinary General Meetings, when so requested by shareholders representing at least 5% of the share capital, once the period referred to in Article 21, paragraph 2, has elapsed.

#### **ARTICLE 24. - UNIVERSAL MEETING.**

Notwithstanding the terms of the paragraphs above, the General Meeting shall be construed as called and validly constituted to address any issue,



provided all of the share capital is present and those in attendance unanimously accept that it be held.

#### **ARTICLE 25. - QUORUM.**

The General Shareholders' Meeting shall be deemed legally constituted at first call when the shareholders present or represented therein own at least twenty-five percent of the subscribed share capital with voting rights.

The Meeting shall be lawfully constituted at second call whatever the amount of capital in attendance.

#### **ARTICLE 26. - SPECIAL QUORUM.**

In order for the Extraordinary or Ordinary General Meeting to validly be able to adopt resolutions concerning the issue of debentures, increases in or reductions of share capital, the transformation, merger or split of the Company, or, in general, any modification to the Company Bylaws, on first call, the shareholders in attendance or represented therein must own, at least, fifty percent of the subscribed capital with voting rights.

On second call, the attendance of twenty-five percent of the subscribed capital with voting rights shall suffice.

#### **ARTICLE 27. - ATTENDANCE AT MEETINGS.**

Those shareholders who, five days prior to the date for which the Meeting is scheduled, own 100 shares duly registered in the corresponding accounting record of the member organisations of the Spanish Central Securities Depository (Servicio de Compensación y Liquidación de Valores) or whatever entity might replace it, may attend and vote at the General Meetings.

Shareholders who do not own the aforementioned number of shares are entitled to form groups and delegate their representation to another shareholder; for this purpose, those shares corresponding to each person in his or her own right and by representation shall be cumulative.

Those shareholders entitled to attend may designate a proxy to represent them at the General Meeting, who need not be a shareholder him or herself, by means of a specific written document for each Meeting, without detriment to the terms of Article 107 of the Corporations Act .

All rights of representation that are granted shall be revocable, and the



personal attendance at the Meeting of the principal shall entail such revocation.

#### **ARTICLE 28. - MEETING PLACE AND EXTENSIONS.**

The General Meetings shall be held in the town where the Company has its registered office, on the day indicated in the call, but its sessions may be extended over one or more consecutive days.

The extension may be accorded by proposal of the Board of Directors or at the behest of a number of shareholders representing one quarter of the share capital present at the Meeting.

#### **ARTICLE 29. - CHAIRMAN AND SECRETARY OF THE MEETING.**

The General Meeting shall be presided by the Chairman of the Board of Directors, and, in his absence, by the shareholder chosen in each case by the shareholders in attendance at the session.

The Chairman shall be assisted by the Secretary of the Board of Directors, and, in his absence, by the shareholder chosen in each case by the shareholders in attendance at the Meeting.

#### **ARTICLE 30. - LIST OF ATTENDEES.**

Before entering into the Agenda, a list will be drawn up of all attendees, indicating the nature or representative of each one and the number of shares, owned or belonging to others, with which he or she is attending.

At the end of the list, the number of shareholders present or represented will be stipulated, as well as the amount of share capital of which they are titleholders, specifying the portion that corresponds to shareholders with voting rights.

#### **ARTICLE 31. - RIGHT TO INFORMATION.**

Shareholders shall be entitled to request in writing, prior to the Meeting, or verbally, over its course, whatever reports or clarifications they might require regarding the matters comprised in the Agenda. The Board of Directors shall be obliged to provide them with this information, save in those cases where, in the opinion of the Chairman, making it public might be harmful to the company's interests.

Nevertheless, the aforementioned exception shall not apply when the request is backed by shareholders representing at least one quarter of the



share capital.

### **ARTICLE 32. - MINUTES.**

The General Meeting shall adopt its resolutions by majority vote, each share representing one vote.

Minutes of each session of the General Meeting shall be written up in the corresponding book, and they shall include the following information: date and place where the session was held; date and method by which the session was called, except for Universal Meetings, indicating the Official Gazette of the Registry of Companies and the newspaper or newspapers in which the call announcement was published; full text of the call, or, in case of Universal Meetings, the points accepted as the Agenda for the session; the shareholders in attendance at the session as set out in Article 30, and, in case of Universal Meetings, the names of all attendees, followed by the signature of each one; a summary of the issues discussed and of those statements whose speakers requested they be placed on record; the content of the resolutions adopted, indicating the results of any votes and stipulating the majority with which each resolution was adopted; note shall be taken of opposition to any company resolutions at the behest of anyone who voted against them.

The Meeting minutes may be approved by the Meeting itself upon its conclusion, and, by default, within a period of fifteen days, by the Chairman and two official Representatives, one acting on behalf of the majority and the other of the minority.

The minutes approved in either of these ways shall be enforceable as of the date of their approval.

### **ARTICLE 33.- NOTARIAL DEED.**

The Board of Directors may request the presence of a Notary to take the Minutes of the Meeting, and it must do so whenever, five days prior to the date for which said Meeting is scheduled, shareholders representing at least 1% of the share capital so request. The notary's fees shall be borne by the Company.

The notarial deed shall be construed as the Minutes of the Meeting, and, as such, shall be transcribed into the corresponding Company Minute Book.

### **ARTICLE 34.- CHALLENGING MEETING RESOLUTIONS.**



The resolutions adopted by General Meeting may be challenged as set forth in Section Two of Chapter V of the Consolidated Text of the Corporations Act.

**SECTION 2.**  
**ON THE BOARD OF DIRECTORS**

**ARTICLE 35. - COMPOSITION OF THE BOARD.**

The company shall be governed and managed by the Board of Directors, to whom, as a body, the representation of the company shall correspond, both in and out of court. This representation shall equally apply, without any limitation of powers, to all those acts comprised in the corporate purpose.

The Board of Directors shall have a minimum of 6 members and a maximum of 16, appointed by the General Meeting.

Members of the Board of Directors shall be chosen by a vote. To this end, those shares voluntarily grouped to reach a share capital figure equal to or greater than that produced by dividing said share capital by the number of Board members, shall have the right to designate those individuals corresponding to the proportion in excess of a whole number. In case of exercise of this power, the shareholders thus grouped will not participate in the vote for the remaining Board members.

The position of Director, for which it is not necessary to be a shareholder, shall admit resignations, revocations and one or more re-elections.

The appointment of Directors shall take effect as of the moment of their acceptance.

Those individuals involved in any of the situations set out in Article 124 of the Consolidated Text of the Corporations Act may not be Directors.





**ARTICLE 36. - REMUNERATION OF THE BOARD OF DIRECTORS.**

The position of Director shall be remunerated.

The General Shareholders' Meeting shall determine the total maximum remuneration to be received by the members of the Board of Directors, which shall be a cash sum corresponding to one year or whatever period of time the Meeting might establish.

When determining the remuneration, the General Meeting may decide that a given portion will go to the remuneration of the position of director itself, equal for all members, and that another will be distributed by the Board of Directors according to whatever criteria the General Meeting might stipulate.

Directors may also be remunerated with company shares, options on shares or other securities entitling them to acquire shares, or through remunerative systems referenced to share prices. The application of said systems shall be determined by the General Meeting, which shall establish the price of the shares to be used as a reference, the number of shares to be given to each Director, the price of exercising an option, the time period of the system that is accorded and any other conditions it might deem necessary.

The remuneration provided for in this article shall be compatible with, and independent from, any salaries, payments, indemnities, pensions or any other kinds of compensations, whether of a general or one-time nature, given to those members of the Board of Directors who maintain a common or specific executive or service-providing relation with the Company. Moreover, said relations shall be compatible with membership on the Board of Directors.

Board members shall be entitled to the payment or refund of any expenses they might incur as a result of their attendance at meetings and other tasks directly related to the exercise of their office, such as those related to travel, accommodation, meals and any other expense they might incur.

**ARTICLE 37.- OFFICES.**

The Board of Directors shall appoint its Chairman, and, where applicable, a Vice Chairman to act as Chairman in the absence of the former. In the absence of the Vice Chairman, the eldest Director shall act as Chairman.



Likewise, the Board of Directors shall appoint a Secretary, and it may additionally appoint an Under Secretary to act as Secretary in the absence of the former, neither of whom need be Directors. In the absence of both, the youngest Director shall act as Secretary.

Any Chairman, Vice Chairman, where applicable, Secretary, or Under Secretary, where applicable, of the Board of Directors that is re-elected as a Board member by resolution of the General Meeting shall continue to hold whatever offices he or she had held to date on the Board, without need for a new election and without detriment to the authority of the Board of Directors to revoke said offices.

#### **ARTICLE 38. - TERM OF OFFICE.**

The term of office for Directors shall be four years. Upon conclusion of the term for which they were appointed, Directors may be re-elected.

For the purposes of this article, the appointment shall be construed as having expired when, upon conclusion of the term, the next Meeting has been held or the legal period for holding the next Ordinary General Meeting has elapsed.

If, during the period for which the Directors were appointed, vacancies were to occur, the Board may appoint, from amongst the shareholders, the individuals to fill said vacancies until the next General Meeting is held.

#### **ARTICLE 39. - ON BOARD MEETINGS.**

The Board of Directors shall meet at least once every two months and as many other times as the Chairman might call a session or the majority of the Directors might so request.

The meetings shall ordinarily be held at the registered office; however, they may also be held in other places, and by any other means the Chairman might choose. Said meeting place or procedure must be included in the meeting call.

The meetings shall be called, by any means, by the Chairman, who shall indicate the meeting place and the issues to be addressed.

Notwithstanding the above, any meeting of the Board of Directors shall be validly constituted, without need for a prior call, when all of its members are present and unanimously decide to hold a session.

The Board of Directors shall also be validly constituted when one more



than half of its members personally attend or are represented at the meeting. Each Director may delegate his or her representation to another, but none of those present may represent more than two.

The resolutions shall be adopted by absolute majority of the Directors in attendance at the session.

Written votes carried out without holding a session shall be allowed, whenever no Director opposes the procedure.

#### **ARTICLE 40. - BOARD MINUTES.**

The discussions and resolutions of the Board of Directors shall be recorded in a Minute Book, and the Minutes shall be signed by the Chairman and the Secretary.

The power to certify the Minutes and resolutions of the Board of Directors shall correspond to the Secretary, and all of his certifications shall be issued with the Chairman's approval.

No resolutions may be certified if they are not included in the Minutes that were approved and signed.

In addition to the Secretary, any Director whose appointment is in force and recorded at the Registry of Companies, may notarise and register the company resolutions.

#### **ARTICLE 41. - BOARD MEMBER LIABILITY.**

Directors shall exercise their office with the diligence of a methodical trader and legal representative, and they shall be liable to the Company, to company shareholders and to company creditors for any damage caused by acts contrary to the Law or Bylaws or performed without the diligence required for the proper exercise of their office.

Said liability shall be joint and several for all Directors, except for those who demonstrate that, not having intervened in the adoption and execution of the harmful act or resolution, they were unaware of its existence or, having had knowledge of it, they did everything in their power to avoid the damage or, at least, expressly opposed it.

Under no circumstances shall the fact that a harmful act or resolution was adopted, authorised or ratified by the General Meeting exonerate them from this liability.

#### **"ARTICLE 42. - CHALLENGING RESOLUTIONS.**

Directors may challenge the null and void or defeasible resolutions of the Board of Directors, within a period of thirty days following their adoption. Likewise, said resolutions may be challenged by shareholders representing 5% of the share capital within a period of thirty days upon receiving knowledge thereto, provided that less than one year has gone by since their adoption.

The challenge procedure shall be executed pursuant the terms of Section Two of Chapter V of the Consolidated Text of the Corporations Act.

#### **ARTICLE 43. - DELEGATION OF POWERS.**

The Board of Directors may create an Executive Committee, establishing in each case the composition it shall have and the individuals that will hold offices in it. The Executive Committee shall meet whenever the Chairman calls a meeting or the majority of its members so request.

Likewise, the Board of Directors may designate a Chief Executive, to whom it may delegate whatever powers it deems necessary.

Under no circumstances may the presentation of accounts or balance sheets to the General Meeting be subject to delegation, nor those powers the Meeting might confer upon the Board of Directors, except where the Meeting has given its express authorisation.

#### **ARTICLE 44.- AUDIT AND COMPLIANCE COMMITTEE.**

The Board of Directors shall have an Audit and Compliance Committee, which shall be composed of not more than four Directors, designated by the Board of Directors. The Chief Executive may not sit on the Committee. The Board of Directors shall chose a Chairman of the Committee from amongst said committee's members, and this Chairman shall not have the casting vote.

The Audit and Compliance Committee shall have the function of studying and making proposals to the Board with regard to the following matters:

- Providing information at the General Shareholders' Meeting on those questions brought up by shareholders that fall under its competency.
- Making proposals to the Board of Directors, for submission at the General Shareholders' Meeting, concerning the appointment of the external auditors to which Article 204 of the Corporations Act refers,

as well as their remuneration.

- Supervision of the Company's internal audit services and knowledge of financial information processing and internal control systems, in order to achieve the most exacting monitoring possible of the development of the annual audit.
- Maintaining a close relation with external auditors in order to receive information on those questions that might jeopardise the independence of the latter or on any other question provided for in the legislation and technical rules for auditors, as well as to act as a channel of communication between the Board of Directors and the auditors, such that the results of each audit can be evaluated with the utmost objectivity.
- Examining the information on the Company's activities and results periodically drawn up pursuant to current laws on the stock market, ensuring the transparency and exactness of the information, as well as the compliance, in these areas, with the Internal Code of Conduct and the Rules of Procedure for the Board of Directors on the part of those individuals subject to comply therewith.

The Committee, whose meetings shall be called by its Chairman, shall meet at least four times a year. The Company's external Auditor may attend its meetings, and the Finance Director, the Internal Audit Manager and any other Executive the Committee might deem necessary may be summoned to provide reports. It may request whatever collaboration it might need to carry out its functions from said Executives.

#### **ARTICLE 45.- APPOINTMENTS AND REMUNERATION COMMITTEE.**

The Board of Directors shall have an Appointments and Remuneration Committee, which shall be made up of not more than four Directors, designated by the Board of Directors; the majority of its members shall be Independent Directors. The Board of Directors shall choose a Chairman of the Committee from amongst said committee's members, and this Chairman shall not have the casting vote.

The Committee shall have the function of studying and making proposals to the Board with regard to the following matters:

- Establishing the criteria for the remuneration of the Company's

Directors, pursuant to the terms of the Bylaws and in accordance with whatever the General Meeting might indicate, as well as ensuring the transparency of said remuneration.

- Establishing the general remuneration policy for Enagás Executives, as well as the guidelines concerning the appointment, selection, career path, promotion and dismissal of top Executives, in order to ensure that the Company has, at all times, the highly qualified personnel needed to manage its activities.
- Reviewing the structure of the Board of Directors, the criteria to inform the statutory renewal of the Directors, the incorporation of new members and any other aspects related to the Board's composition that it might deem necessary.
- Informing the Board about any transactions that involve, or might involve, conflicts of interest.

The Committee shall meet at least four times a year, the meetings will be called by its Chairman, and it may request any opinions, whether internal or external, or Executive appearances it might deem necessary to carry out its functions. The Chairman of the Board of Directors may not be appointed Chairman of this Committee, nor may he participate in the deliberations held to establish his remuneration.

#### **ARTICLE 46.- CHAIRMAN OF THE BOARD OF DIRECTORS.**

The Chairman shall be empowered to:

- a) Individually represent the Company, in and out of court.
- b) Call and preside the meetings of the Board of Directors and the Executive Committee.
- c) Direct the deliberations of the Company bodies he presides.
- d) Ensure faithful compliance with the resolutions adopted by said bodies.
- e) Act as the chief executive officer for all Company services.
- f) Use the corporate signature.
- g) Exercise any other powers legally or statutorily granted to him.



## **TITLE IV**

### **ARTICLE 47.- PERSONNEL.**

The Board of Directors may apply incentive formulas consisting of giving company shares, options on shares or options on other securities entitling their owners to acquire shares, or of remunerative systems referenced to share prices, in order to remunerate Company personnel or the part thereof it deems appropriate, provided it meets the requirements set forth in the Corporations Act, the Securities Market Act, and all other applicable rules, especially that of prior approval by the General Meeting when so required.

## **TITLE V**

### **ON THE ANNUAL ACCOUNTS**

### **ARTICLE 48. - CORPORATE YEAR.**

The corporate year shall begin on the 1st of January and end on the 31st of December each year.

### **ARTICLE 49. - ANNUAL STATEMENT OF ACCOUNTS.**

The Board of Directors shall be required to draw up, within a maximum of three months as of the corporate year end, the annual accounts, the management report and the profit distribution proposal, as well as, where applicable, the consolidated accounts and management report.

The annual accounts shall include the balance sheet, the profit and loss account and the report. These documents, which together shall constitute a whole, shall be written using clear language and shall faithfully reflect the equity, financial investment situation and profits of the Company.

The annual accounts and management report shall be signed by all of the Directors, and should any of their signatures be missing, this will be indicated on each of the documents where it is missing, indicating the cause.

#### **ARTICLE 50. - APPOINTMENT OF AUDITORS.**

The annual accounts and management report shall be reviewed by Auditors, designated by the General Meeting prior to the end of the fiscal year to be audited, for a period of time not to be less than three years nor greater than nine, to begin as of the date on which the first fiscal year to be audited begins, and they may be re-elected by the General Meeting on an annual basis once the initial period has ended.

The General Meeting may appoint one or more individuals or legal entities as Auditors, and they shall act jointly. When those appointed are individuals, the Meeting shall also appoint one substitute auditor for each permanent one.

The Meeting may not remove the Auditors from office before the term for which they were appointed has expired, save where there exists just cause.

Should the General Meeting fail to comply with the terms of this article, when it is required to do so, or should those appointed decline the office or be unable to discharge their functions, the Board of Directors, the Commissioner of the Syndicate of Debenture-holders or any shareholder may ask the Registry of Companies corresponding to the company's registered office to appoint the person or persons to perform the audit, in accordance with the Regulations for the Registry of Companies.

When there exists just cause to remove the appointed Auditors from office, said removal and the appointment of new auditors shall be brought before the Judge of the Court of First Instance corresponding to the company's registered office.

#### **ARTICLE 51. - APPROVAL OF THE ANNUAL ACCOUNTS.**

The annual accounts shall be approved by the General Shareholders' Meeting.

To this end, as soon as the General Meeting is called, any shareholder may obtain from the Company, immediately and free of charge, the documents to be submitted for approval by the Meeting and the audit report.

This right shall be stated in the call.

#### **ARTICLE 52. - PROFIT DISTRIBUTION.**





The General Meeting shall decide upon the distribution of the profit for the fiscal year as stated on the approved balance sheet.

Dividends shall be distributed to ordinary shareholders proportionally to the capital they have paid up, at the time and according to the payment method the General Meeting might decide, and in the absence of such a decision, the dividend shall be paid out at the company's registered office as of the day following the resolution.

Dividends may only be distributed on account of the fiscal year profit or through a charge to free reserves if the value of the net book value is not, or, as a result of the distribution, would not be, less than that of the share capital.

In case of losses from previous fiscal years that caused the Company's net worth to fall below the figure for share capital, the profit shall be used to offset such losses.

Furthermore, dividends shall not be distributed until the start-up expenses, research and development expenses, and goodwill listed under assets on the balance sheet have been completely amortised, except where value of the available reserves is, at least, equal to the value of the unamortised expenses.

In addition, a figure equal to 10% of the profit for the fiscal year will be allocated to the legal reserve until said reserve reaches, at least, 20% of the value of the share capital. This legal reserve, provided it does not exceed the stipulated limit, may only be used to offset losses should there exist no other available reserves that would suffice for this purpose. Exception is made for the terms of Article 157 of the Consolidated Text of the Corporations Act.

Finally, the Meeting may decide to allocate any sum out of the profit for the fiscal year to voluntary reserves and allowances for construction, new investments and incidental expenses.

Once the appropriate provisions and other allowances required by Law been made, the distribution of dividends charged to the profits for the fiscal year or free reserves may be accorded for whatever sum the General Meeting might decide; any surplus profit shall be brought forward to the following fiscal year.

#### **ARTICLE 53. - DISTRIBUTION OF INTERIM DIVIDENDS.**

The distribution to shareholders of interim dividends may only be accorded by the General Meeting or Board of Directors under the following conditions: the Board of Directors shall draw up a statement of



accounts that proves the existence of sufficient liquidity for the distribution, and the amount to be distributed may not exceed the profits earned since the close of the last fiscal year, after deduction of the losses from previous fiscal years and the sums to be allocated to the reserves required by Law or by statutory provisions, as well as the estimated tax to be paid on said profits.

**ARTICLE 54. - RESTITUTION OF DIVIDENDS.**

Any dividends or interim dividends distributed contrary to the terms of the Consolidated Text of the Corporations Act shall be returned by the recipient shareholders, with the corresponding legal interest, once the Company proves that the recipients had knowledge of the irregularity of the distribution or that, given the circumstances, it was impossible for them not to have known of it.

**ARTICLE 55. - DEPOSIT AND PUBLICATION OF THE ANNUAL ACCOUNTS.**

Within one month of the approval of the annual accounts, certification of the General Meeting resolutions to approve the annual accounts and profit distribution shall be presented for their deposit at the Registry of Companies corresponding to the company's registered office, and a copy of each of these accounts, as well as the management report and Audit report, will be attached thereto.

## 7TH RESOLUTION

### **Approval of the remuneration for the members of the Board of Directors for Fiscal 2003.**

The statutory modification of the Board's remuneration calls for the intervention of the General Meeting with regard to determining the sums to be received by the company directors.

From amongst the different options for the remuneration of Board members provided for under company Bylaws, it is presently deemed advisable to focus exclusively on the cash remuneration and not to add, at least for the time being, any form of remuneration associated with the price of company shares.

It is the Meeting's duty, within the aforementioned framework, to establish both the maximum global amount and the criteria according to which said maximum amount shall be distributed among the Directors.

With regard to the first point, the maximum amount, in accordance with the studies commissioned for this purpose, it is the belief of the Board of Directors that the sum of 830,000 euros should be proposed for approval. Broadly speaking, and based on a 14-member Board, were all members to be receive identical remuneration, this amount would work out to 60,000 euros a year per Director, a sum considered appropriate and sufficient to reward the dedication of a Director in a company of the conditions and with the aggregates of Enagás. The comparative studies commissioned by the Board of Directors confirmed that a figure such as the one proposed herein is in keeping with Spanish companies comparable to Enagás and respects the parameters of moderation and restraint.

With regard to the criteria for assignment, the Board is of the opinion that it is still essential for the remuneration to reflect the attendance and dedication of its members. The indicated distribution criteria reflect this idea. This notwithstanding, they allow for an initial sum for

travel expenses per attended session to be received upon reaching a given level of dedication (two sessions), since it is deemed that such a sum not only covers attendance, but also the office of Director (albeit conditional on a minimum level of dedication). A second sum directly and exclusively remunerates attendance and liability, and, finally, other lesser sums are set aside for the remuneration of additional responsibilities.

As a result of all that set out above, the following resolution is proposed for adoption by the Meeting:

**"The General Meeting, pursuant to the terms of the second paragraph of the new Article 36 of the Company Bylaws, agrees to establish, as the maximum total remuneration to be received by the members of the Board of Directors over 2003, the sum of 830,000 euros, to be distributed according to the bases and criteria listed below:**

- Each member of the Board who attends at least two sessions over the course of the fiscal year shall receive a sum of 20,000 euros.
  
- In addition, true attendance of sessions shall be remunerated with a maximum of 33,000 euros per year per director. The Board of Directors shall determine the specific amount for the attendance, in person or by proxy, at each session.
  
- Moreover, directors who sit on Committees shall receive an annual sum of 9,600 euros, and chairmanship of any of these committees shall entail an additional annual sum of 5,000 euros.

The aforementioned sums are independent of any additional payments and salaries Board members might receive for professional relations or services they provided, as well as the right to the payment or reimbursement of the expenses incurred by Directors in the exercise of their office.

## 8TH RESOLUTION

### **Approval of Rules of Procedure for the General Shareholders' Meeting.**

The recently-published, so-called "Aldama Report" offers a variety of recommendations on the transparency and good governance of companies, and in particular, of quoted ones. Section IV 1.3 of the Report recommends that companies adapt their criteria for corporate governance to the new lines of action recommended in the Report by drawing up and distributing specific Rules of Procedure for General Meetings. Said Rules should subject the calls, preparation, information, attendance, development and exercise of political rights, to approval by the Meeting and regulate these same aspects, provided they are not modified by the Meeting itself, in accordance with the Law and Bylaws. The Report mentions some of the aspects that should be included in the Meeting's Rules of Procedure.

As is clear from its recent actions, the company has a keen interest in improving corporate governance and the transparency of the markets, which leads to a high degree of compliance with all recommendations made to this end.

Consequently, and despite the absence of practical experience as to what the content of the Rules of Procedure for the General Meeting should include, the Board considered it advisable to present, for approval, a text that systematises and clarifies the criteria for calling and holding Meetings, intended to ensure that all shareholders are familiar with the basic rules to which the Meetings are subject and can thus better exercise the informative and voting rights to which they are entitled.

As a result, the Board deems it opportune to propose the following resolution to the Meeting:



Rules of procedure are hereby approved for the Enagás General Meeting, and they shall read as follows:

## **"RULES OF PROCEDURE OF THE GENERAL MEETING OF ENAGÁS S.A. SHAREHOLDERS**

### **1.- PURPOSE, IMPLEMENTATION AND VALIDITY OF THESE RULES OF PROCEDURE**

The purpose of these Rules of Procedure is to regulate the General Meeting of Enagás Shareholders, establishing the rules for its organisation and operation.

The General Shareholders' Meeting shall be the competent body to approve and modify the Rules of Procedure. Once they have been approved, they shall be included on the Company's web site, and they shall take effect as of the first General Meeting held after their approval.

The Enagás Board of Directors shall take the necessary measures to ensure that the terms of these Rules of Procedure are made known to shareholders and the investor public. The Board of Directors may also propose modifications to the Rules of Procedure to the General Meeting whenever it considers such modifications advisable or necessary; in such cases, it shall include information that justifies the modifications with its proposal.

These Rules of Procedure complement the discipline applicable to the General Meeting under current commercial Law and under the Company Bylaws. In case of discrepancy between the terms of these Rules of Procedure and the Company Bylaws, the terms of the Bylaws shall prevail.

### **2.- POWERS OF THE MEETING**

The General Meeting, in accordance with the Corporations Act and the Company Bylaws, shall have the power to:

- a) Approve, where applicable, the Annual Accounts of Enagás S.A. and the Consolidated Annual Accounts of Enagás S.A. and its subsidiary companies, as well as the performance of the Board of Directors and the proposed profit distribution.
- b) Appoint and remove Directors, as well as ratify or revoke provisional appointments of Directors made by the Board itself.
- c) Appoint and re-elect Auditors.
- d) Acquire derivatives on own shares.
- e) Issue debentures, increase or reduce share capital, transform, merge, split or dissolve the company, and, in general, modify the Company Bylaws in any way.
- f) Authorise the Board of Directors to increase share capital pursuant to the terms of Article 153. 1.b of the Corporations Act.
- g) Decide on questions submitted to it for authorisation by the Board of Directors.
- h) Approve and modify its Rules of Procedure.
- i) Make any other decision that legally corresponds to it.

### **3.- TYPES OF MEETINGS**

General Meetings may be:

#### **Ordinary General Meetings**

The Ordinary General Meeting must necessarily meet within the first six months of each fiscal year to adopt any resolutions submitted for its consideration and, at least:

- a) Review the company management.
- b) Approve, where applicable, the accounts from the previous fiscal year.
- c) Decide upon the profit distribution.

#### **Extraordinary General Meetings**

All General Meetings other than that mentioned above shall be considered Extraordinary.

#### **Universal Meetings**

A Universal Meeting may be held, according to the terms and conditions provided for under current law, when the entirety of the share capital is present and all those in attendance unanimously agree to hold the Meeting.

#### **4.- POWER TO CALL THE MEETING. MEANS AND CONTENT OF THE CALL.**

The Board of Directors shall have the power to call the General Meeting, whether Ordinary or Extraordinary, and it shall draw up the Agenda, including the issues to be approved by the General Meeting.

Notwithstanding the above, the Board shall be obligated to call an Extraordinary General Meeting whenever a number of shareholders representing at least five percent of the share capital so request, expressing the matters to be discussed in said request. In this case, the Meeting must be called and held within thirty days of the date on which the Board of Directors receives the notarial notice to hold it.

The Board of Directors shall call the General Meeting through an announcement that meets the requisites for publication and advance notice required by current law and the Bylaws.

In addition to the applicable legal and regulation requirements, in order to ensure the widest possible knowledge of the meeting and afford shareholders sufficient time to request and obtain complementary information with regard to the points on the Agenda, the Board of Directors shall endeavour to publish the announcement further in advance than legally required and, moreover, to publish it in a greater number of publications than that constituting the bare minimum, except when this is not possible for questions of urgency or other circumstances beyond the Board's control. Likewise, the announcement of the call may be repeated, on a date closer to the Meeting, in order to remind shareholders that it is to be held.

The announcement shall include the date and place of the session on first call, and all of the matters to be addressed that are included on the Agenda. It shall likewise indicate, where applicable, the date of the Meeting on second call.

The first and second calls must be separated by at least twenty-four hours.



So that all shareholders may properly exercise their right to information, the announcement shall also include the location and time table during which the documents to be submitted for the approval of the Meeting, the Management Report, the Audit Report, the Report on Corporate Governance, the Environmental Report, and all other compulsory reports, in addition to those determined by the Board of Directors, shall be available to shareholders, as well as the power of the shareholders to request the shipment, free of charge, of all of the aforementioned documents, pursuant to the terms of paragraph 5 of these Rules of Procedure.

Should the General Meeting, duly called, not be held on first call, and should the date of the second call not have been included in the announcement, said second call must be announced, according to the same publication requirements as the first call, within fifteen days of the date of the Meeting that was not held and eight days prior to the session date.

A copy of the announcement calling the General Meeting shall be hung on the Company's web page. Moreover, a copy shall be sent to the Stock Exchanges where the shares are listed, and it shall be communicated to the member organisations of the securities depository, settlement and clearance system.

In addition to all of the points set out above, the announcement of the Meeting call may include any other points deemed to be of interest to shareholders, such as the projection that the meeting will be held on the first or second call, the availability of means of transport, the Office of Shareholder Information, the web page, etc.

## **5.- SHAREHOLDER PARTICIPATION AND INFORMATION RIGHTS**

The Board of Directors shall take special care to ensure that shareholders can fully and satisfactorily exercise their right to participate and their right to obtain the company information listed in Article 112 of the Corporations Act.

To this end, and prior to the holding of the General Meeting, the company will make the following means available to shareholders:

- An Office of Shareholder Services, where the available information can be consulted.

- A toll-free telephone number, specified in the call, where shareholders can obtain the corresponding information.
- The Company web page, which will include all of the information that is public.

In order to allow for the exercise of the right to information regarding the matters to be discussed at the General Meeting, and immediately after publication of the announcement of the General Meeting call, the following documentation shall be made available to shareholders in the Office of Shareholder Services:

- a)** The full text of the General Meeting call with the resolutions proposed for adoption, as well as the reports by the Board of Directors, where applicable, on their justification and advisability, whenever this is possible.
- b)** Comprehensive documentation on both the Enagás S.A. Annual Accounts and the Consolidated Accounts of Enagás S.A. and its subsidiary companies, as well as the proposed Enagás S.A. profit distribution for the fiscal year in question.
- c)** Enagás S.A. Management Report and the consolidated Management Report for the fiscal year.
- d)** Audit Reports on the Consolidated Annual Accounts and the Enagás S.A. Annual Accounts.
- e)** Annual Report on Corporate Governance.
- f)** Environmental Report.
- g)** Any other report whose inclusion is compulsory or determined by the Board of Directors.

The Company shall likewise make the aforementioned documentation available to shareholders in the act of holding the General Meeting.

At all times, shareholders, after registering their identity as such, may, at the Office of Shareholder Services or through the Company web page, make inquiries of interest to the company or associated with their status as shareholders. Once the General Meeting has been called, and up to five days before the date for which it is scheduled, shareholders may use either means to make written comments or suggestions regarding the proposals included on the Agenda.

The Company shall review the questions, suggestions and comments from shareholders and, whenever possible, it shall publish the answers individually or collectively on the Company web page or, in those cases where the Board of Directors deems it appropriate, address them at the General Shareholders' Meeting, even when they were not included on the Agenda.

In addition to the right to make suggestions or pose questions at the Meeting, shareholders may request, in writing prior to the Meeting or verbally over its course, whatever reports or clarifications they consider necessary concerning the issues comprised in the Agenda. The Board of Directors shall be obliged to provide them with this information, save in those cases where, in the opinion of the Chairman, making such data public could harm the company's interests. This exception shall not apply when the request is backed by shareholders representing at least one quarter of the share capital.

## **6.- RIGHT OF ATTENDANCE AND REPRESENTATION**

To attend the General Meeting, shareholders must own a minimum of 100 shares, to be registered in the corresponding accounting record at least five days prior to the day the Meeting is to be held. Shareholders who do not own said number of shares may form groups for the purpose of attending, appointing the shareholder to represent them.

Attendance at the meeting shall also be conditional on having the corresponding admission card, which shall be provided to shareholders

through the corresponding member organisations of the securities depository, settlement and clearance system.



Said organisations shall send Enagás S.A., prior to the date on which the Meeting is scheduled, the list of cards that have been issued. Registration of admission cards shall begin two hours prior to the scheduled Meeting time.

The call for the General Meeting shall state the time at which attendance shall be considered closed for the purposes of establishing the quorum.

All shareholders with the right to attend are entitled to representation at the General Meeting by another person, who may or may not be a shareholder. The proxy shall be granted in writing and specifically for each Meeting.

The documentation issued by the company for attendance at the Meeting shall include a model proxy form, without detriment to the right of shareholders to use any other legally valid and sufficient method or means to assign proxy. The model proxy form shall allow for the separate assignment of the right to vote on each one of the resolutions included on the Agenda.

Moreover, the Meeting attendance documentation may contain the document to delegate voting rights to the Chairman of the Board of Directors.

The voting card must express the intention of vote in case it is not indicated by the shareholder or his or her representative.

## **7.- CONSTITUTION OF THE MEETING**

For the General Shareholders' Meeting to be validly constituted at first call, those shareholders present or represented therein must own, at least, twenty-five percent of the subscribed share capital with voting rights. The General Meeting shall be validly constituted at second call regardless of the amount of capital in attendance.

In order for the Extraordinary or Ordinary General Meeting to be able to adopt valid resolutions on first call concerning the issue of debentures, increases in or reductions of share capital, the transformation, merger, split or dissolution of the Company, or, in general, any modification to the Company Bylaws, those shareholders in attendance or represented therein must own, at least, fifty percent (50%) of the subscribed capital with voting

rights. On second call, the attendance of twenty-five percent (25%) of said capital shall suffice.

## **8.- CONDUCT OF THE GENERAL MEETING**

The General Meeting shall be presided by the Chairman of the Board of Directors and, in his absence, by the shareholder chosen in each case by those in attendance at the session. The Chairman of the Meeting shall be responsible for directing the business discussed therein, ensuring the proper execution of the session and guaranteeing adherence to the Agenda established in the call.

The Chairman shall be assisted by the Secretary of the Board of Directors or, in his absence, the Under Secretary of the Board of Directors, or, in the absence of this latter, whomever the Meeting might appoint.

The General Meeting Committee shall be composed of the members of the Board of Directors and, where the presence of such has been agreed to, the Notary Public requested by the Board.

All members of the Board of Directors must attend General Meetings. In case of justified impossibility, they may designate another member of the Board of Directors to represent them.

There may be scrutineers, appointed by the Chairman from amongst the shareholders present. Said scrutineers shall aid the Committee in drawing up the list of attendees and, where applicable, in counting votes.

Once the session has been called to order, the Secretary shall read the details from the call and on the attendance based on the list of attendees drawn up by the Committee for this purpose, indicating the nature or representative

of each person, as well as the number of shares, owned or belonging to others, with which he or she attends.



The list of attendees shall be drawn up documentarily, or by means of files or computer supports. The means that is ultimately used shall be recorded in the Minutes, and the proper identifying stamp shall be placed on the sealed cover of the file or support, signed by the Secretary with the approval of the Chairman.

The summary of the list of attendees shall determine the number of shareholders present or represented, as well as the amount of share capital of which they are titleholders, specifying the portion corresponding to shareholders with voting rights. The Vice Chairman of the Board, or, in his absence, the person appointed in his stead by the Chairman, shall be responsible for furnishing the Presiding Committee with two copies of said summary signed by him and, where applicable, by a shareholder scrutineer.

Should the required quorum be met, the Chairman shall, where applicable, declare the Meeting to be validly constituted. Should the Company have requested a Notary to take the Meeting Minutes, said Notary shall ask the attendees if there are any reservations or protests concerning the statements of the Chairman with regard to the attendance of shareholders and capital. Shareholders who express reservations must show their admission card to the Committee's auxiliary clerk, who shall verify it and, where applicable, correct the existing error.

The Chairman, before beginning his report on the fiscal year and the proposals to be submitted to the General Meeting, and in order to ensure the smooth development of the act, shall ask those shareholders who wish to speak to proceed to the Committee's auxiliary clerks with their admission cards so that the turns can be organised. Those shareholders who, at this time, do not express their wish to speak may not do so subsequently.

Thereafter, the Chairman shall report the highlights from the fiscal year and the most relevant aspects of the Board's proposals to the Meeting. This presentation may be supplemented by individuals who have received his authorisation to do so.

Once the presentation has concluded, the Chairman shall give the floor to the shareholders who requested it, keeping the debate within the limits of the Agenda, save for the terms of Articles 131 and 134 of the Consolidated Text of the Corporations Act. The Chairman shall be responsible for

conducting the development of the speeches, and he may reply to shareholders as a group or individually. The Chairman shall conclude this section when the issues to arise have, in his opinion, been sufficiently debated.

Should any shareholder request information not in the possession of the Chairman at this time, or should any question be posed requiring the review or comparison of unavailable information, attempts shall be made, whenever possible, to ensure that he or she receives a satisfactory and adequate answer as soon as possible and, at all times, within 30 days of the Meeting.

Immediately thereafter, the different proposals for resolutions, to be read out by the Secretary, shall be put to vote. The proposals may be summarised by decision of the Chairman, provided such decision is not opposed by shareholders representing the majority of the subscribed capital with voting rights present at the Meeting.

The adoption of resolutions shall require the favourable vote of the majority of the capital with voting rights present or represented at the Meeting, with the exceptions provided for by Law and the Bylaws. Individualised voting shall not be required when, by acclaim or a show of hands, the intention of vote is clear and the Meeting's smooth evolution is thus facilitated. This shall not impede the negative votes of those shareholders who so request from being recorded, for the purposes of challenges or any other reason.

The scrutineers shall draw up a note indicating the outcome of each vote, including previously issued votes and any modification to take place over the course of the Meeting.

Once all of the proposals have been put to vote, the Secretary of the Meeting shall furnish the Notary, where applicable, with the scrutineers' notes regarding the data on the outcome of the vote for each proposal, and the Chairman shall adjourn the session.

## **9.- ATTENDANCE AND SPEECHES BY OTHER INDIVIDUALS.**



The Chairman of the Enagás Audit and Compliance Committee shall be on hand at the Meeting, on behalf of the Committee, to answer any questions shareholders might have on issues falling under his authority.

The Meeting shall also be attended by the company's external Auditor, who shall be previously summoned to this end by the Board of Directors. The Auditor shall speak whenever the Chairman deems necessary to clarify questions regarding his or her performance as the company's external auditor.

The Board of Directors shall request the attendance of a Notary at the Meeting to take the Minutes, pursuant to Article 114 of the Corporations Act, whenever is deems appropriate and, necessarily, whenever at least 1% of the share capital so requests.

The Company's Top Executives shall also attend the General Meeting.

#### **10.- MINUTES OF THE MEETING.**

The Minutes of the Meeting may be approved by the Meeting itself upon its conclusion or, by default, within a period of fifteen days by the Chairman of the Meeting and two official representatives, one on behalf of the majority and the other of the minority. The Minutes approved in either of these ways shall be enforceable as of the date of their approval.

Should the Meeting have been held with the presence of a Notary, the notarial Deed shall be construed as the Minutes of the Meeting, and, thus, its approval shall not be required."