CONSOLIDATED TEXT OF THE ARTICLES OF ASSOCIATION

Approved by the General Shareholders’ Meeting: on 18 March 2016
Registered in Madrid Companies Registry: on 18th May 2016
CONSOLIDATED TEXT OF THE ARTICLES OF ASSOCIATION

TITLE I

NAME, OBJECTS, REGISTERED OFFICE AND DURATION

ARTICLE 1. - NAME.

This instrument records the incorporation of a sociedad anónima [Spanish company limited by shares] under the name Enagás, S.A. (hereinafter the “Company”), to be governed by this Memorandum and Articles of Association, by Royal Legislative Decree 1/2010, of 2 July, enacting the Amended Consolidated Text of the Ley de Sociedades de Capital [LSC], and by the rest of general statutory provisions applicable to it.

ARTICLE 2. – COMPANY OBJECT.

2.1.- The company's company object is:

   a) Activities specific to the regasification, basic and secondary transmission and storage of natural gas, using the Company’s or third-party infrastructure or gas installations, and activities similar or linked to the above.

   b) The design, construction, start up, operation and maintenance of all types of gas infrastructure and supporting installations, including telecommunications networks, remote and control systems of any nature and electricity networks owned by the Company or by third parties.

   c) All tasks relating to the technical management of the gas system.

   d) The transmission and storage of carbon dioxide, hydrogen, biogas and other energy fluids, via proprietary or third-party facilities, and the design, construction, commissioning, operation and maintenance of all kinds of complementary infrastructure and facilities necessary for said activities.

   e) Heat and cooling capture activities and the usage of energies associated with core activities or resulting therefrom.

   f) Rendering of various types of services, including engineering, construction, advisory and consultancy services relating to the activities making up its objects and involvement in natural gas market management activities, provided these are compatible with the activities attributed to the Company by law.

2.2.- The activities stated above may be carried out by the Company itself or through companies with similar or identical objects in which the Company holds a stake, and always within the scope and limits legally established in relation to the oil and gas business. In accordance with said legislation, the transmission and technical systems management that are regulated as a result of the same, must be
respectively undertaken by two subsidiary companies in which the company holds all share capital.

Therefore, part of its corporate purpose is:

a) Management of the business group made up of shareholdings in the share capital of the member entities.

b) The provision of assistance and support services to investee companies, to which end it may provide guarantees and sureties in favour of these as required”.

ARTICLE 3. - REGISTERED OFFICE, BRANCHES AND WEBSITE.

The registered office is in Madrid, Paseo de los Olmos, 19, with the Board of Directors authorised to transfer this within Spain, as well as creating, eliminating or transferring branches, agencies, delegations, representations and agencies of any kind both in Spain or abroad.

The company's corporate website or electronic site is www.enagas.es. The company's board of directors is authorised to eliminate or transfer the company's website.

Article 4. - DURATION.

The duration of the Company is unlimited. The Company began its operations on the day of its incorporation.

TITLE II

CAPITAL AND SHARES

ARTICLE 5. - Share capital is hereby fixed at THREE HUNDRED AND FIFTY-EIGHT MILLION, ONE HUNDRED AND ONE THOUSAND, THREE HUNDRED AND NINETY EUROS, divided into TWO HUNDRED AND THIRTY-EIGHT MILLION, SEVEN HUNDRED AND THIRTY-FOUR THOUSAND, TWO HUNDRED AND SIXTY shares, each of a nominal value of ONE EURO, FIFTY EUROCENTS.

ARTICLE 6. - The TWO HUNDRED AND THIRTY-EIGHT MILLION, SEVEN HUNDRED AND THIRTY-FOUR THOUSAND, TWO HUNDRED AND SIXTY shares into which capital is divided, each of a nominal value of ONE EURO, FIFTY EUROCENTS, take the form of dematerialised book entries, being subject to the laws and regulations governing the securities market and the rest of applicable statutory provisions.

Article 6 BIS. - LIMITATIONS ON HOLDINGS IN SHARE CAPITAL.

No individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the Company, nor exercise voting rights in such company of
over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural persons or bodies corporate that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the System Technical Manager of over 1%. These restrictions will not apply to direct or indirect equity interests held by public-sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, the Hydrocarbons Industry Act shall apply.

Enagás may not transfer to third parties shares of the subsidiaries included in its Group that undertake transmission and technical systems management, which are regulated businesses under Hydrocarbons legislation.

ARTICLE 7. - ACCOUNTING RECORDS AND IDENTITY OF SHAREHOLDERS.

The entity in charge of maintaining the Accounting Records concerning the shares is the Servicio de Compensación y Liquidación de Valores, (Spanish Securities Clearing and Settlement Service) or such entity as may in future replace it, together with its affiliated entities, on the terms prescribed by current laws and regulations.

The Company may at any time request the information associated with the shareholders from the companies keeping the securities records. This includes the shareholders' addresses and contact details.

Any shareholder associations having formed within the Company and representing at least one percent of the share capital, as well as shareholders who individually or jointly hold at least three percent of the share capital, shall enjoy the same right exclusively for purposes of facilitating communications with the shareholders in the exercise of their rights and the best defence of their common interests.

In the event of abusive or harmful use of the information requested, the association or partner in question shall be liable for any loss or damage caused.

ARTICLE 8. - SHAREHOLDERS' RIGHTS.

A share confers on its lawful holder the status of shareholder, and gives the following rights:

a) The right to a share in Company earnings and in the equity resulting from liquidation of the Company.

b) The right of pre-emptive subscription in the issue of new shares or bonds convertible into shares.

c) The right to attend and vote at General Meetings and to challenge Company resolutions.
d) The right to information.

The company must afford equal treatment to shareholders that find themselves in the same conditions.

The right to vote may not be exercised by a shareholder in default of outstanding calls upon shares. The right to vote may not be exercised by a shareholder in breach of the limitation set out at article 6a of the Memorandum and Articles of Association, but here the deprivation of rights shall apply only to shares beyond that limit. The amount of such shares shall be deducted from the Company’s share capital for the purposes of computing a quorum.

A shareholder in default of his payment obligations to the Company shall not be entitled to receive dividends or exercise pre-emptive subscription rights in respect of new shares or convertible bonds; however, after having paid the amount due for any outstanding items together with any interest owed, that shareholder may claim any dividends not forfeited by operation of a time bar, but may not exercise pre-emptive subscription rights if the time limit for such exercise has expired.

ARTICLE 9. - INDIVISIBILITY OF SHARES.

The shares are indivisible. Co-owners of a share must appoint one person to exercise shareholder rights and shall be jointly and severally liable to the Company for all such obligations as arise from being a shareholder.

This same rules shall apply to other events of joint title to rights in shares.

ARTICLE 10. - USUFRUCT OF SHARES.

In the event of a usufruct of shares, the status of shareholder rests with the naked owner, but the usufructuary shall be entitled to any dividend declared by the Company during the usufruct. The exercise of the rest of shareholder rights shall rest with the naked owner.

If a usufruct attaches to shares that have not been fully paid up, the debtor liable to the Company for payment of outstanding items shall be the naked owner. The usufructuary may make such payment if the naked owner has not discharged such obligation five days before expiry of the relevant time limit.

In matters relating to usufruct of shares in respect of which this article is silent, there shall apply articles 127 to 131 of the Amended Consolidated Text of the LSC.

ARTICLE 11. - PLEDGING OF SHARES.

In the event of a pledge of shares, the owner shall retain the exercise of shareholder rights. The pledgee shall be under a duty to facilitate the exercise of such rights.

If the shareholder fails to discharge the obligation to make payment for outstanding items, the pledgee may either discharge such obligation itself or enforce the pledge.
These same provisions shall apply in the event of attachment of shares, provided that they are consistent with the specifically applicable attachment regime.

**ARTICLE 12. - PAYMENT-UP OF SHARES.**

A shareholder must pay to the Company the unpaid portion of capital in the manner directed by the relevant resolution of the General Meeting.

If a shareholder is in default, the Company may demand performance of the payment obligation together with interest at the statutory rate and any damages caused by such default, or sell the shares on behalf and at the risk of the defaulting shareholder.

Where any such shares are to be sold, the sale shall be made via a member of the Bolsa [the Spanish securities exchange], if Company shares are traded on a public exchange, or, otherwise, via a chartered securities broker or notary, and, if appropriate, shall entail the replacement of the original share certificates with duplicates.

If no such sale can be made, the shares shall be redeemed, with the consequent reduction of capital. Any proceeds already received by the Company in respect of such shares shall inure to the benefit of the Company.

**Article 13. - UNPAID SHARES.**

An acquirer of unpaid shares shall be liable jointly and severally with all antecedent transferors, at the election of the Board of Directors, for payment of the unpaid portion.

The liability of a transferor shall subsist for three years from the day of the respective transfer. Any agreement contrary to or inconsistent with joint and several liability thus determined shall be void.

**ARTICLE 14. - PRE-EMPTIVE SUBSCRIPTION RIGHT.**

Upon an increase of capital involving the issue of new shares, be they ordinary or privileged, through monetary contributions, an existing shareholder may, within the time limit allowed for such purpose by the Directors of the Company, which time limit may not be less than the threshold prescribed in current laws and regulations, exercise a right to subscribe a number of shares pro rata the nominal value of the shares already held.

However, the right of pre-emption may not be exercised in those circumstances in which current laws and regulations determine otherwise, or if such right is excluded by the General Meeting or, by delegation from the General Meeting, by the Board of Directors, the formalities required by current laws and regulations having been satisfied.

Pre-emptive subscription rights shall be transferable on the same terms as the shares from which they arise. In the event of an increase of capital charged against
reserves [scrip issue], these same rules shall apply to rights of gratuitous allotment of new shares.

**ARTICLE 15. - CAPITAL REDUCTION BY PURCHASE OF TREASURY SHARES.**

Upon a reduction of capital by the repurchase and subsequent redemption of the Company's own shares, the purchase bid shall be addressed to all shareholders.

If the resolution to reduce capital relates to one class of shares only, there shall apply article 293 of the Amended Consolidated Text of the LSC.

If the shares offered for sale exceed the number stipulated in the Company's bid, the number of shares offered by each shareholder shall be reduced pro rata the number of shares held.

However, unless the resolution of the General Meeting or the bid terms stipulate otherwise, if the shares offered for sale are fewer than the number stipulated in the bid, capital shall be reduced only by the amount of the shares actually acquired.

The shares acquired by the Company must be redeemed no later than one month following the end of the time limit for acceptance of the bid.

**ARTICLE 16. - ISSUE OF MARKETABLE SECURITIES.**

It is the General Shareholder's Meeting's responsibility to issue simple bonds or bonds convertible into shares, as well as other marketable securities, that recognise or create debt, subject to prevailing legislation. However, the General Shareholders' Meeting, in the legally provided terms, may delegate this faculty to the Board of Directors and, if applicable, agree to the exclusion of pre-emptive subscription rights. The Board of Directors may make use of the aforementioned delegation one or various times for a maximum of five years. They may also be authorised by the General Shareholders' Meeting to determine when the issue should be made and to establish those conditions not provided for in the General Shareholders' Meeting resolution.

In the issue of bonds convertible into shares, the shareholders of the Company will have the right to pre-emptive subscription of the convertible bonds, without prejudice to the possibility that said right might be excluded in the cases and under the requisites established in prevailing legislation.

The securities issues that Enagás subsidiaries make may be guaranteed by the Company.

**TITLE III**

**ORGANS OF THE COMPANY**

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

The governance and management of the Company rests with the General Meeting and the Board of Directors.
SECTION 1.

THE GENERAL MEETING

ARTICLE 18. - GENERAL MEETING.

The shareholders, when constituted as a duly summoned General Meeting, shall by the majority of votes provided for in Spanish law decide upon the matters that fall within the powers of the General Meeting.

It falls upon the General Meeting to address and reach resolution on the following issues:

a) Approval of the annual accounts, the appropriation of earnings, and approval of company management.

b) The appointment and removal of directors, liquidators, or, where applicable, account auditors, as well as the institution of liability actions against any of them.

c) Amendments to the Articles of Association.

d) To effect capital increases and reductions.

e) To suspend or restrict pre-emptive subscription rights.

f) To acquire and dispose of core assets or contribute them to another company. Asset are considered to be core assets, if the respective transaction amount is greater than 25% of the value of the assets held on the last balance sheet approved.

g) The transfer to subsidiaries of core activities to subsidiaries that were previously carried out by the Company itself, even though the latter retains full control of the former; Activities and operating assets are considered to be core activities and core operating assets, if the respective transaction amount is greater than 25% of the total value of the assets held on the balance sheet.

h) To restructure, merge, or split the company, or fully transfer the assets and liabilities thereof, or to agree to move the registered office outside Spain.

i) To dissolve the Company.

j) To approve the final balance sheet for liquidation purposes.

k) Operations that effectively add up to the company's liquidation.

l) Explain the policy on directors’ remuneration.

m) Any other affairs prescribed by law or the Articles of Association.

All shareholders, including those absent or dissentient, shall be bound by the resolutions of the General Meeting.
The Company shall guarantee, at all times, equality in the treatment of all shareholders in the same position, in regard of information, participation and the exercise voting rights at General Shareholder Meetings.

**ARTICLE 19. - CLASSES OF GENERAL MEETING.**

A General Meeting may be ordinary or extraordinary, and must be convened by the Board of Directors.

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

An ordinary General Meeting, previously convened for the purpose, must be held within the first six months of each financial period to evaluate the running of the Company, to adopt, if thought fit, the financial statements for the preceding financial period, to decide upon the appropriation of profit or loss, and to appoint or re-elect Directors in accordance with the rotations of partial replacement of the Board stipulated by the Articles of Association.

An ordinary General Meeting shall be valid even if convened or held beyond the applicable time limit.

**ARTICLE 21. - EXTRAORDINARY GENERAL MEETINGS.**

Any General Meeting other than as provided for in the preceding article shall be considered an Extraordinary General Meeting.

The Board of Directors may convene an extraordinary General Meeting if it deems it to be in the Company's interests, and is under a duty to call such meeting upon the request of shareholders holding at least 3% of the share capital, such requisition to specify the business to be transacted at the General Meeting. In this event, the General Meeting must be summoned for a date within two months following the day on which the Board of Directors was requisitioned via notary.

The Agenda must specify the business that is the subject matter of the request.

**ARTICLE 22. - CONVENING THE GENERAL MEETING.**

The General Shareholder meeting must be convened by public announcement in the following media at least: (a) by the placing of a notice in the Boletín Oficial del Registro Mercantil [Spanish Official Gazette of the Registrar of Companies] or in a daily newspaper with one of the broadest circulations in Spain; (b) the website of the CNMV, the Spanish securities market regulator; and (c) on the company's website. An announcement published on the Company's website shall remain accessible via the same at least until the General Shareholders' Meeting is held. The Board of Directors may decide to publicise the convening of the meeting in any other media that it might see fit, to provide greater publicity for the meeting.

Notices convening General Meetings shall be issued at least one month prior to the date of the event. Notwithstanding the foregoing, when the Company offers shareholders the real possibility of voting by electronic means accessible to all
shareholders, Extraordinary Shareholders’ Meetings may be convened with minimum notice of fifteen days. The reduction of the required convening notice period shall require an express resolution adopted at a General Meeting by at least two thirds of subscribed capital with voting rights. This resolution shall not be valid beyond the date on which the subsequent meeting is held.

The Notice of Meeting shall state the name of the Company, the original date and time scheduled for the meeting on first call, as well as its agenda, listing all business to be transacted at the meeting, the position of the person or persons executing the call and, the date the shareholder must have their name registered to participate and vote at the General Shareholders’ Meeting, the place where and format in which the complete text of the documents and proposed resolutions can be obtained, and the address of the Company website where the information will be made available. It shall also state the date on which, if applicable, the Meeting shall be held upon second call.

There must be a difference of at least 24 hours between the first and second Meeting times.

Furthermore, the notice shall contain clear and exact information on the formalities that the shareholder must complete in order to take part and register their vote at the General Shareholders' Meeting, in particular the following information:

a) The right to request information, to add items to the agenda and to submit resolution proposals, as well as the deadline for exercising their rights. Whenever it is stated that further information on said rights can be found on the website, the notice may be limited to stating the deadline for exercising rights.

b) The system for issuing votes by proxy, with particular mention of the forms that must be used to vote by proxy and the media that must be used for the company to accept notification of delegated representation by electronic means.

c) The procedures established for remote voting, whether by post or electronic means.

The convening notice must state the right of shareholders to freely and immediately be able to access at the Company's registered office documents that must be subjected to the approval of same as well as the auditor’s report.

From the moment the convening is announced and up until the General Meeting is held, the following information must be continuously posted on the Company’s website:

a) The convening notice.

b) The total number of shares and voting rights on the date of the convening, broken down by share categories if any.

c) The documents that will be presented at the General Meeting, in particular the management, auditor and independent expert reports.

d) The full texts of the proposed resolutions detailing each and every item
on the Agenda, or where items for informative purposes only are concerned, a report from the competent bodies detailing each such item. As they are received, resolutions proposed by shareholders shall also be included.

e) In the case of appointment, ratification or re-election of the members of the Board of Directors, the identity, curriculum vitae and category to which each belongs, along with the proposal, the Board’s report in justification of the proposal containing an appraisal of the competence, experience and merits of the proposed candidate and the report of the Appointments, Remuneration and Corporate Responsibility Committee in the case of the appointment or re-election of a non-independent director. In the case of a body corporate, the information must include that pertaining to the natural person to be appointed to exercise the functions of the post on a permanent basis.

f) The forms that must be used for vote by proxy and remote voting, except when sent directly by the Company to each shareholder. If for technical reasons these cannot be posted on the website, the Company must indicate on the website information on how to obtain hard copies of these forms and must send them to any shareholder that requests them.

Shareholders that represent at least three percent of share capital may request that a supplement to the convening notice for the general Shareholders’ Meeting be published, on which one or more items are added to the Agenda, provided that the new points are accompanied with their justification or, if applicable, a justified resolution proposal. In no case may said right be exercised for the convening of Extraordinary Shareholder’s Meetings. In order to exercise this right, shareholders must submit their request by means of a certified notification which must be received at the registered office of the Company within the five days following the publication of the notice of the meeting. Any such supplement to the notice of meeting shall be published at least fifteen days in advance of the scheduled date of the General Meeting. Failure to publish the supplement to the notice of meeting by the legally established deadline shall render the Meeting void.

Shareholders representing at least three percent of the share capital may, within the time limit and in the manner indicated in the foregoing paragraph, present well-founded proposals for resolutions on matters already included or that should be included on the Meeting's agenda. The Company will ensure that these proposed resolutions and any attached documentation reach the rest of the shareholders, in accordance with the provisions of section d) of the seventh paragraph of this Article.

ARTICLE 23. - EXCEPTIONAL CONVENING OF THE GENERAL MEETING.

If the ordinary General Meeting is not summoned within the statutory time limit, it may be convened on the motion of any shareholders, a hearing having been granted to the Board of Directors, by the court secretary or companies registrar with jurisdiction at the place of the Company’s registered office, who shall appoint the Chairperson of the General Meeting so convened.
This same mode of summoning the General Meeting shall be carried out with respect to the extraordinary General Meeting when so demanded by shareholders holding at least 3% of capital if the time limit referred to in article 21(2) expires.

ARTICLE 24. - UNIVERSAL GENERAL MEETING.

The foregoing articles notwithstanding, a General Meeting is treated as having been convened and properly constituted to transact any business if the entirety of share capital is present and those present unanimously agree to hold such Meeting.

ARTICLE 25. - QUORUM.

The General Meeting shall be properly constituted at the earlier date and time specified in the notice of meeting if the shareholders present in person or by proxy hold at least twenty-five percent of voting subscribed capital.

At the adjourned date and time, the Meeting shall be properly constituted whatever the proportion of share capital present.

ARTICLE 26. - SPECIAL QUORUM.

An ordinary or extraordinary General Meeting may validly resolve to increase or reduce capital, make any other alterations to the Memorandum and Articles of Association, issue bonds, remove or restrict the pre-emptive subscription right for new shares, and restructure, merge or split the company, transfer all the assets and liabilities thereof, or move the registered office to outside Spain, if, at the original date and time specified in the notice of meeting, there are present, in person or by proxy, shareholders representing at least fifty percent of voting subscribed capital.

At second call, attendance of least twenty-five percent of the paid up share capital with voting rights shall be sufficient.

ARTICLE 27. - ATTENDANCE, PROXIES AND VOTING AT GENERAL MEETINGS.

Shareholders owning shares, registered at least five days prior to the date scheduled for the General Meeting with the corresponding registers of any of the entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores [securities clearing and settlement entity], or the entity replacing it in the future, may attend and vote at General Meetings.

Without prejudice to the foregoing, shareholders may not exercise the voting rights corresponding to their shares concerning the adoption of a resolution where one of the grounds for a conflict of interest exists according to article 190.1 of the Consolidated Amended Text of the Corporate Enterprise Act.

Any shareholder having attendance and voting rights under this article may exercise such rights to vote on motions on the business on the agenda at any class of General Meeting by attending such a Meeting and voting in person or by post, by recognised electronic signature or other electronic means, or by any other medium of remote communication satisfying the requirements prescribed by laws and
regulations, provided that the identity of the person exercising voting rights and the security of electronic communications are properly assured.

The General Shareholders' Meeting Regulations may govern remote exercising of said rights, including in particular any or all of the following forms:

   a) Real-time streaming of the General Meeting.

   b) Real-time bi-directional communication to allow shareholders to address the General Shareholders' Meeting from other locations.

   c) A mechanism to exercise votes prior to or during the General Shareholders' Meeting, without having to appoint a representative physically present at the meeting.

A shareholder casting his/her votes remotely shall for the purposes of constitution of any General Meeting count as being present.

A shareholder having attendance rights may have himself represented by proxy at a General Meeting by another person, who need not be a shareholder. Proxies must be conferred in writing, by post, a recognised electronic signature, or any of the other legally permitted electronic or remote communication methods. The identity of the representative must be duly guaranteed, and shall be valid only for the particular meeting in question.

The provisions of the foregoing paragraph will likewise be applicable to notification of the proxy to the Company, and revocation of the appointment. The Company will establish the system for electronic notification of the appointment with the formal requisites provided to ensure the identification of the shareholder and the designated proxy or proxies.

If the principal has issued voting instructions, the proxy shall cast the principal's vote in accordance with said instructions and shall be bound to safeguard the instructions for one year starting from the date of the meeting in question.

The proxy may represent more than one principal, and there are no restrictions on the number of shareholders that can be represented. When a proxy represents various shareholders, the proxy may vote in opposing ways based on the instructions of each respective shareholder. In all cases, the number of shares represented shall be counted towards the quorum required for the Meeting to be valid.

Before being appointed, the proxy must inform the shareholder in detail of any conflict of interest, in accordance with the provisions of article 523 of the Corporate Enterprise Act. If the conflict arises after the appointment and the proxy did not advise the represented shareholder of a possible conflict of interest, the proxy must inform the shareholder immediately. In both cases, if the proxy does not receive precise, new voting instructions for each of the matters upon which the proxy must vote on behalf of the shareholder, the proxy must abstain from casting a vote.

Entities appearing as legitimated shareholders according to the accounting records but acting on behalf of different persons, may in all cases split the voting rights and exercise them in opposing ways in adherence to divergent voting instructions, should they have received such.
These intermediary entities may grant proxy to each of the indirect shareholders or to third-parties designated by same, with no restrictions placed on the number of proxies granted.

In the event of a public call for proxies, articles 186 and 526 of the Corporate Enterprise Act shall apply.

Proxy representation conferred shall be revocable at any time, and the principal's attendance at the Meeting in person shall be equivalent to revocation.

The Rules and Regulations of the General Meeting shall elaborate on the methods and requirements for the due exercise of attendance, voting and representation rights, as well as on the procedures set up for those purposes.

Subject to the relevant provisions of the Rules and Regulations of the General Meeting, and at all events in fulfilment of statutory requirements, the Board of Directors shall be competent to determine the time as from which shareholders may cast their votes or grant proxies by electronic or other remote communication means, having regard to the state of the art of the technical means required.

ARTICLE 28. - VENUE OF MEETING AND EXTENDED DURATION.

General Meetings shall be held in the locality where the Company has its registered office on the day indicated in the notice of meeting, but a session of the General Meeting may be extended by one or more consecutive days.

An extension of duration may be resolved on the motion of the Board of Directors or at the behest of a number of shareholders representing one-quarter of capital present at the meeting.

ARTICLE 29. - CHAIRMAN AND SECRETARY OF THE GENERAL MEETING.

The General Meeting shall be chaired by the Chairman of the Board of Directors, or, in his/her absence, by the shareholder elected in each case by shareholders present.

The Chairman shall be assisted by the Secretary to the Board of Directors, or, in his/her absence, by the shareholder elected in each case by shareholders present.

ARTICLE 30. - ATTENDANCE LIST.

Before transacting the business on the agenda, a list of attendees shall be drawn up, stating the nature or representative capacity of each of them and the number of shares held by them or third parties with which they attend.

At the end of the list, the number of shareholders, present in person or by proxy, and the amount of share capital held by them, specifying the amount corresponding to shareholders with voting rights, shall be determined.

ARTICLE 31. - SHAREHOLDERS' RIGHT TO INFORMATION.

Up to the fifth day before the Meeting is held, shareholders may request from Directors any information or clarification they deem appropriate concerning business on the agenda, or submit in writing the questions they judge relevant. Within the same notice period and in the same form, or verbally during the
meeting, shareholders may request information or clarifications, or ask questions concerning the publicly available information that the Company has provided to the Comisión Nacional del Mercado de Valores (Spanish National Securities Market Commission) since the last General Shareholders' Meeting was held or concerning the auditor report.

The Directors shall be under obligation to supply the information requested in accordance with the foregoing paragraph, in writing, up until the day on which the General Meeting is held.

In the course of the General Meeting itself, shareholders in the Company may orally request any information or clarifications they deem appropriate concerning items on the Agenda, and should it not be possible to satisfy a shareholder's right to information at that time, the Directors shall be obliged to facilitate that information in writing within seven days of the conclusion of the Meeting.

The Directors shall be obliged to facilitate information requested pursuant to the previous three paragraphs, unless said information is superfluous to the preservation of the shareholder's rights, or there are objective reasons to believe the information could be used towards ends other than those of the Company or that publication of the information could harm the Company or its affiliates.

No such refusal may be made if the request is put forward by shareholders representing at least 25% of the Company’s share capital.

Valid requests for information or clarifications, or questions asked in writing along with the written replies of the Directors shall be posted on the Company's website.

In cases where, prior to the formulation of a specific question, the information so requested was already clearly, expressly, and directly available to all shareholders on the Company’s website in a question-and-answer format, the Directors may limit their reply to a reference to the information provided in the aforementioned format.

Infringements on the right to information exercised in the course of the General Meeting pursuant to the provisions of this article, shall solely entitle shareholders to demand fulfilment of the obligation to provide information and seek redress for any loss or damage that may have been caused them, but it shall not be grounds for invalidating the General Meeting.

In the event of abusive or harmful use of the information requested, the partner in question shall be liable for any loss or damage caused.

**ARTICLE 32. - MINUTES OF PROCEEDINGS.**

For each session of the General Meeting the respective minutes shall be taken, stating the following particulars: date and venue of the meeting; date and form of notice of meeting, except in the case of a Universal General Meeting; indication of the media by which the notice of meeting was published; full text of the notice of meeting, or, if a Universal General Meeting, the items of business accepted on the Agenda for the session; the shareholders present at the meeting, in the manner set forth in article 30, and, if a Universal General Meeting, the names of those present, followed by the signature of each; a summary of the matters discussed and of the speeches for which a record was requested; and the content of any resolutions passed. For each resolution put to vote at the General Meeting, at a minimum, the
following must be determined: number of shares represented by valid votes, the proportion of share capital represented by said votes, the total number of valid votes, the number of votes for and against each resolution and, if any, the number of abstentions.

The resolutions adopted and the results of votes will be published in full on the company’s website within five days of the General Shareholders' Meeting being held.

Minutes may be approved by the General Meeting itself after the session or, failing this, within fifteen days thereafter by the Chairman and two Referees, one representing the majority and the other the minority.

Corporate resolutions will be enforceable as from the date on which the minutes containing them are approved.

ARTICLE 33. NOTARISED MINUTES.

The Board of Directors may procure that a notary be in attendance to take the minutes of the meeting, and the Board of Directors shall be under a duty so to engage a notary if at least five days in advance of the intended date of the Meeting notarisation is requested by shareholders representing at least 1% of capital. In that event, a resolution is effective only if recorded in a notarial instrument. The notary's fees shall be to the account of the Company.

The notarised minutes shall not be subject to approval, shall be effective as the minutes of the General Meeting and, as such, shall be transcribed in the respective book of minutes of the Company. A resolution recorded in a notarial instrument may be put into practice as from the closing date of the instrument.

ARTICLE 34.- CHALLENGES TO RESOLUTIONS OF THE GENERAL MEETING.

A resolution of the General Meeting may be challenged in the manner prescribed in Chapter IX, Title V of the Amended Consolidated Text of the Corporate Enterprise Act and in Article 495.2 of same.

SECTION 2.

BOARD OF DIRECTORS

ARTICLE 35. - COMPOSITION OF THE BOARD.

The Company shall be governed and managed by the Board of Directors, which shall represent the Company collegiately, both in and out of court. Its representation shall extend, without any limitation of power, to all acts embodied in the corporate purpose.

The Board of Directors shall be composed of a minimum of 6 members and a maximum of 14, appointed by the General Meeting.

Directors shall be elected by vote. For this purpose, shares that are voluntarily pooled to constitute an amount of share capital that is equal to or greater than the result of dividing the latter by the number of Directors, shall be entitled to appoint a number of Directors equal to the integer number
resulting from that proportion. If this power is exercised, the shares pooled in this fashion shall not take part in the voting for the appointment of the remaining Directors.

A Director need not be a shareholder, may step down from office, may have his appointment revoked, and may be re-elected on one or more occasions.

Appointment as director shall take effect upon acceptance of the post.

The following cannot be Directors or, if applicable, natural-person representatives of a body-corporate Director:

a) Natural persons or bodies corporate who hold the post of director in more than 5 (five) companies whose shares are admitted to trading on national or foreign markets.

b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the Board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.

ARTICLE 36. - REMUNERATION OF THE BOARD OF DIRECTORS.

The position of Director shall be remunerated.

The General Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairman of same, and in the case of the Lead Independent Coordinator, a supplementary amount in remuneration of said function. The allocation of remuneration among the various remuneration components and to each Director shall be determined by resolution of the Board of Directors, in consideration of the functions and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The application of said systems shall be presented to the General Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who perform executive functions for the Company, regardless of the nature of their legal relationship with same shall be entitled to additionally receive remuneration for performing said functions, which must be established in a contract between the Director and the Company and which remuneration shall consist of: (i) a fixed remuneration, in cash and in specie, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives
established for the Company's Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. In the event of termination on grounds other than non-compliance with their functions, they shall be entitled to compensation.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

The Company may contract civil liability insurance for Directors and senior management.

The policy for Directors' remuneration shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting at least every three years as a separate item on the Agenda.

Board Member remuneration shall be reported in the terms legally provided for in the Report, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.

In the event that the Annual Report on Directors' Remuneration be rejected by the advisory vote of the Ordinary General Meeting, then the remunerations policy to be applied to the following financial year must be submitted to the General Meeting for approval prior to its application, even if the aforementioned three-year period has not elapsed. An exception to the foregoing shall be made in the event that the remunerations policy has been approved at that same Ordinary General Meeting.

**ARTICLE 37. POSTS.**

The Board of Directors shall appoint its Chairman pursuant to the report of the Appointments, Remuneration and Corporate Responsibility Committee. The appointment as Chairman of an Executive Director shall require the favourable vote of two-thirds of the members of the Board.

The Board of Directors may appoint an Independent Director, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, to perform the following duties, under the title of Lead Independent Director:

a) To request the Chairman of the Board of Directors to convene that body when said Lead Independent Director deems it appropriate.

b) To request that items be included on the Agenda of the meetings of the Board of Directors.

c) To coordinate and convene the Non-Executive Directors.

d) To oversee the Board's evaluation of its Chairman and, where appropriate, the Chief Executive Officer.
e) To perform as a Deputy Chairman the functions of the Chairman as regards the Board of Directors, if the Chairman is absent, ill or unable to act as Chairman for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section the most senior Director in age shall act as Chairman.

The appointment of a Lead Independent Director shall be obligatory, if the Chairman of the Board is an Executive Director. In such cases the Lead Independent Director shall be appointed by the Board with the Executive Directors abstaining from the vote.

The Chairman and the Secretary to the Board of Directors and the Deputy Secretary, if applicable, if re-elected to the Board by a resolution of the General Meeting, shall continue to perform the offices hitherto held on the Board without need of being freshly elected, subject to the power of revocation of such offices that rests with the Board of Directors.

ARTICLE 38. - TERM OF OFFICE.

A Director shall hold office for four years. At the end of the term of appointment, a Director may be re-elected for a term of equal duration at most.

For the purposes of this article, an appointment lapses if, the relevant time limit having expired, the following General Meeting is held, or the statutory time limit for holding the following Ordinary General Meeting has expired.

If during the term to which the Directors were appointed vacancies should arise, the Board may appoint, from among the shareholders, persons to fill them until the first General Meeting is held, or the following one, in the event that the vacancy should arise after the General Meeting has been convened but before it has been held.

ARTICLE 39. - MEETINGS OF THE BOARD OF DIRECTORS.

The Board of Directors shall meet at least once every two months, and, in addition, whenever convened by the Chairman or upon requisition by a majority of Directors.

Meetings shall ordinarily be held at the registered office, but may also be held elsewhere and by any means that the Chairman may determine. Such a venue or manner of holding of the meeting must be specified in the notice of meeting.

A meeting shall be convened, by any channel, by the Chairman, stating the venue of the meeting and the business to be transacted. Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its agenda, to be held in the locality where the registered office is located, if they have requested the Chairman to convene the meeting, and the meeting has not been called within one month without reasonable cause.

However, a meeting of the Board of Directors shall be valid without need of prior notice if, all Directors being present, the Directors unanimously decide to hold a session.
Except in cases of where the meeting of the Board is constituted or convened exceptionally on account of urgent circumstances, the Directors must have the requisite information at their disposal sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted at the meeting. The Chairman of the Board in collaboration with the Secretary shall ensure that this obligation to provide information is fulfilled.

The Board of Directors’ meeting shall be validly constituted when one half of the membership plus one member are in attendance or represented at it. The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, a Directors may grant a proxy to another Director. Non-Executive Directors may only grant a proxy to other Non-Executive Directors.

Resolutions shall passed by an absolute majority of the Directors present at the session.

Votes may be cast in writing and in the absence of a meeting, if no Director objects to such procedure.

**ARTICLE 40. - MINUTES OF MEETINGS OF THE BOARD.**

The deliberations and resolutions of the Board of Directors shall be noted in the book of minutes, such minutes to be signed by the Chairman and the Secretary.

The power to certify the minutes and resolutions of the Board of Directors rests with the Secretary, and any certificate he/she issues must bear the countersignature of the Chairman.

No resolution may be certified that is not on record in minutes that have been adopted and signed.

The execution of Company resolutions in a notarial instrument shall fall to the Secretary or to any Director whose Directorship is in effect and on record with the registrar of companies.

**ARTICLE 41. - DIRECTORS’ LIABILITY.**

Directors shall perform their office and discharge the duties imposed by by law and the Articles of Association with the diligence of a prudent businessman, taking the nature of their post and the functions attributed to each of them into consideration, with the loyalty of a representative acting in good faith and in the best interests of society. They shall be liable to the Company, to the shareholders and to creditors of the Company for any damages they may cause by acts or omissions contrary to the law or to the Articles of Association or acts done in default of the diligence with which a Directorship is to be exercised, if attributable to fault or misconduct.

Such liabilities shall attach jointly and severally to all Directors, except those who prove that they did not take part in the adoption and execution of the detrimental act or resolution and were unaware of its existence, or, being aware, took all appropriate steps to avoid, or at least expressly opposed the detrimental act or resolution.
No exemption from liability shall arise from the circumstance that the detrimental act or resolution was adopted, authorised or ratified by the General Meeting.

ARTICLE 42. - CHALLENGES TO RESOLUTIONS.

The Directors may challenge the resolutions of the Board of Directors, or of any other collegial administrative body, within a period of thirty days from its adoption. Said resolutions may likewise be challenged by shareholders representing 0.1% of the share capital within thirty days of the resolutions' becoming known to them, as long as less than one year has elapsed since their adoption.

The associated grounds, procedures and consequences are governed in conformity with the provisions for challenging resolutions of the General Meeting, with the particularity that in this case, it will also result from infringement on the Rules and Regulations of the Board of Directors.

ARTICLE 43. - DELEGATION OF POWERS.

The Board of Directors may designate from among its members one or several executive directors or executive committees, and shall determine in each case the content, limits and modalities of the delegation. The Executive Committee shall meet as often as convened by the Chairman or the majority of its members.

The following powers of the Board of Directors shall not be delegated under any circumstances:

   a) Supervision of the effective functioning of committees it sets up and of the actions of the executive bodies and Managers it appoints.
   b) Determination of the general policies and strategies of the Company.
   c) Authorisation does not release the Board of Directors from its obligations deriving from the duty to loyalty in conformity with article 230 of the Amended Consolidated Text of the Corporate Enterprise Act.
   d) Its own organisation and functioning.
   e) Preparing the annual accounts and their presentation to the General Meeting.
   f) The issuance of any type of report the Board of Directors is required to submit by law, if the transaction to which the report refers cannot be delegated.
   g) Appointing and removing the Company's Managing Directors and establishing the terms of their contracts.
   h) Appointing and removing managers that report directly to the Board of Directors or to one of its members, and establishing the basic terms of their contracts including their remuneration.
i) Decisions concerning the remuneration of Directors within the framework of the Articles of Association, and, if applicable, under the remunerations policy approved by the General Meeting.

j) Convening the General Meeting of Shareholders and determining the Agenda and the proposed resolutions.

k) Determining policy concerning the Company's own shares or equity holdings.

l) The powers the General meeting would have delegated to the Board of Directors, unless the latter has been expressly authorised by the General Meeting to sub-delegate them.

m) Approving the Company's strategic or business plan, the management targets and annual budgets, investment or financing policy, corporate social responsibility policy or the dividend policy.

n) Defining the Company's risk control and management policy, including tax risks, or the policy for monitoring the its internal information and control systems.

o) Defining the Company's or the Group's corporate governance policy, its organisation and operation and functioning, or in particular, approving and amending its own rules and regulations.

p) Approving the financial information the Company must periodically disclose on account of being a publicly traded company.

q) Defining the structure of the Group.

r) Approving investments or transactions of any kind that, on account of the large amounts involved or special characteristics, are strategic in nature or pose particular taxation risks, unless their approval falls to the General Meeting;

s) Approving the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature whose complexity might impair the transparency of the Company or the Group;

t) Approving, pursuant to the report of the Audit and Compliance Committee, transactions the Company or the companies in its Group execute with Directors under the terms set forth in Articles 229 and 230 of Consolidated Amended Text of the Corporate Enterprise Act, or with shareholders who, individually or jointly with others, hold a significant stake, including shareholders represented on the Company's Board of Directors or the boards of other companies belong to the same group or with persons associated with them.

u) Defining the Company's tax strategy.

Under, duly justified, urgent circumstances, the decisions pertaining to issues m) to u) above may be adopted by the delegated bodies and persons, who must be
ratified at the first meeting of the Board of Directors held after the decision was adopted.

ARTICLE 44. - AUDIT AND COMPLIANCE COMMITTEE.

There shall be an Audit and Compliance Committee within the Board of Directors and it shall comprise at least three and no more than five Directors, to be appointed by the Board having particular regard to their expertise and experience in accounting, auditing or risk management. No Executive Director may sit on this Committee.

Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.

Most of the Committee members shall be independent and be appointed in view of their knowledge and track record in matters of accountancy, auditing, or both. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote. The Chairman must be replaced every four years, and may be re-elected after the lapse of one year from his departure from office.

The Audit and Compliance Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- To inform the General Shareholders' Meeting on issues raised in the areas that lie within the Committee's competence and, in particular, about the audit result, explaining how it has contributed to the integrity of the financial reporting and the Committee's function during the process.

- To oversee the proper operation of the Company's internal control, its internal audit function and risk management systems, and discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit, all of this without undermining its independence. For such purposes and, where applicable, they can submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.

- To oversee the process of preparation and presentation of statutory financial reporting and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.

- To submit proposals to the Board of Directors for selecting, appointing, reelecting and replacing the auditor, being responsible for the selection process, in accordance with the applicable regulations, along with the terms of their contract, regularly evaluate information on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their functions.

- To liaise with the external auditor to obtain information on any issues that could compromise the latter's independence for review by the Committee or any other subjects related to the audit process and, where applicable, the authorization of the services other than those forbidden,
under the terms envisaged in the applicable regulations, and any other disclosures envisaged in the audit regulations and audit standards. In all cases, on an annual basis, the Audit Committee shall receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to detailed and individual information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them in conformity with the audit regulations.

- To issue annually, prior to the issue of the audit report, a report giving an opinion on the independence of the auditors or audit firms. This report shall in all cases include an assessment of the additional services provided, as referred to in the previous section, considered separately and in their totality, that consists of services other than statutory audits and how they relate to the requirement of independence or to the audit regulations.

- To keep the Board of Directors informed, in advance, on all items provided for in the law, the Articles of Association and the Rules and Regulations on the Board of Directors, in particular, on:

1. the financial information that the Company must periodically publish,
2. the creation or acquisition of investments in special purpose vehicles or entities domiciled in jurisdictions considered tax havens, and
3. Related-party transactions.

The meetings of this Committee shall be convened by its Chairman and shall be held at least four times a year. The company’s external auditor may attend Committee meetings and the Finance Director, head of the Enagás Internal Audit Unit, or any other senior manager of the company or group that the Committee deems appropriate, may also be asked to give account at meetings. The Committee may obtain support and assistance from the aforesaid Executives in the performance of its duties.

ARTICLE 45. - APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE.

The Board of Directors shall appoint from among its members an Appointments, Remuneration and Corporate Social Responsibility Committee that shall be comprised of a minimum of three and a maximum of six Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

a) To evaluate the competencies, knowledge and experience required on
the Board of Directors. To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties.

b) To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.

c) To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their reelection or removal by the General Shareholders' Meeting.

d) To report proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.

e) Report on proposed appointments and removals in senior management and the basic terms of their contracts.

f) To examine and organize the succession of the Company’s Chairman and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.

g) To propose to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other terms of Executive Directors' contracts, ensure that said policy is abided by.

h) To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues.

The Committee shall meet at least four times a year, with meetings being called by the Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties.

The Board of Directors can resolve to separate the Appointments, Remuneration and Corporate Social Responsibility Committee into a Remuneration Committee and an Appointments and Corporate Social Responsibility Committee, sharing out their functions and powers envisaged in this article 45 depending on the subjects and governed by the rules of composition, organisation and functioning established in the Board of Directors Regulation in accordance with these Articles of Association and the applicable regulations.
ARTICLE 46. - CHAIRMAN OF THE BOARD OF DIRECTORS.

The Chairman is the most senior decision-maker in charge of the effective functioning of the Board of Directors. In addition to those conferred on him by the law, the Articles of Association, or the Rules and Regulations of the Board of Directors, the Chairman shall also have the following powers:

a) To convene and act as Chairman of the meetings of the Board of Directors and, if applicable, of the Executive Committee, setting the Agenda of the meeting and directing the discussions and deliberations.

b) Chairing General Shareholders' Meetings.

c) Ensure that the Directors are provided with adequate information in advance for them to be able to deliberate on the items on the Agenda.

d) Stimulate debate and the active participation of the Directors during sessions, safeguarding their right to freely express their opinions.

In addition when the post of Chairman is exercised by an Executive Director, they shall have the following powers:

e) To individually represent the Company, both in and out of court.

f) Act as senior manager of all the services of the Company.

g) To sign on behalf of the Company.

TITLE IV

ARTICLE 47. - EMPLOYEES.
The Board of Directors may use incentive schemes consisting of the transfer of Company shares, options over Company shares, other securities entitling the holder to obtain shares, or schemes tied to the share price quoted on a public exchange, to reward Company employees, or some such employees, as the Board sees fit, provided that the requirements are satisfied of the LSC, the LMV and the rest of applicable laws and regulations, in particular, prior approval by the General Meeting wherever mandatory.

TITLE V

ANNUAL ACCOUNTS

ARTICLE 48. - COMPANY FINANCIAL YEAR.

The Company’s financial year shall begin on 1 January and end on 31 December of each year.

ARTICLE 49. – PREPARATION OF THE ANNUAL ACCOUNTS.

The Board of Directors must prepare, within three months of the close of the Company’s financial year, its financial statements, Directors' Report and proposed appropriation of profit, and, where appropriate, the financial statements and Directors' Report of the consolidated group.

The annual financial statements shall comprise the balance sheet, income statement, the statement of changes in equity, the cash flow statement and notes to the financial statements. These documents, which together constitute a unit, shall be clearly and concisely written and provide a true and fair view of the company’s equity, financial position and results of operations.

The annual accounts and Management Report must be signed by all directors and if the signature of any director is missing, this must be indicated in all the documents, clearly indicating the reason.

ARTICLE 50. - APPOINTMENT OF AUDITORS.

The financial statements and Directors' report must be reviewed by accounts auditors appointed by the General Meeting before the end of the financial period to be audited, for a defined period of engagement not shorter than three or longer than nine years from the first day of the first financial period to be audited, without prejudice to the provisions regarding the possibility of extensions, included in audit regulations.

The General Meeting may appoint as auditors one or more natural or legal persons, who shall act jointly. When those designated are natural persons, the General Meeting must appoint as many substitutes as incumbent auditors.

The General Meeting may not revoke an auditor’s appointment before the end of the period for which he was appointed, or before the end of each of the jobs for which he was engaged once the initial period has expired, except on justified grounds.

If the General Meeting fails to abide by the provisions of this article where such provisions are mandatory, or if the appointees do not accept office or are unable to perform their functions, the Board of Directors, the trustee [comisario] acting for
the syndicate of bondholders, or any shareholder may apply to the court secretary or companies registrar with jurisdiction at the registered office to appoint one or more persons to conduct the audit, in accordance with the provisions of the applicable regulations.

The Directors of the Company and persons having standing to seek the appointment of an auditor may, on reasonable grounds, apply to the court secretary or companies registrar to revoke the appointment of the auditor appointed by them or that designated by the General Meeting and appoint another.

ARTICLE 51. – ADOPTION OF THE ANNUAL ACCOUNTS.

The financial statements fall to be adopted by the General Meeting.

For these purposes, after the giving of a notice of General Meeting any shareholder may procure from the Company, immediately and at no charge, the documents that are to be submitted for consideration at the General Meeting and the accounts auditors’ report.

The notice of meeting must make reference to this right.

ARTICLE 52. – APPROPRIATION OF PROFIT OR LOSS.

The General Meeting shall decide upon the appropriation of the profit or loss for the year as shown by the adopted financial statements.

Dividends shall be apportioned to ordinary shareholders pro rata the capital they have paid up, at such time and by such means as the General Meeting shall determine, and, in the absence of such determination, dividends shall be paid at the registered office as from the day after the date of the resolution.

Dividends may be paid out of profits for the year or unrestricted reserves if the book value of equity would not fall below the value of capital as a result of such payment out.

If losses carried forward from previous years operate to bring the value of the Company’s net equity below the value of capital, profits shall first be allocated to set off such losses.

Moreover, no profits may be distributed until start-up costs, research and development costs and goodwill appearing on the asset side of the balance sheet have been fully amortised, unless the amount of disposable reserves is at least equal to the amount of non-amortised costs.

In addition, a figure equal to 10% of profit for the year shall be allocated to the legal reserve until such reserve reaches at least 20% of capital. Until that threshold is exceeded, the legal reserve may be used only to offset losses in the absence of disposable reserves sufficient for the purpose. The foregoing is subject to the provisions of article 303 of the Amended Consolidated Text of the LSC.

Finally, the General Meeting may allocate out of profits for the year such sum as it sees fit to voluntary reserves and provisions for new construction and investments and contingent liabilities.

The above requirements having been satisfied and the rest of allocations required by law having been covered, a resolution may be passed to pay dividends out of
profits for the year or unrestricted reserves in such amount as the General Meeting may determine; any remainder of profit shall be carried forward to the following year.

ARTICLE 53. - DISTRIBUTION OF INTERIM DIVIDENDS.

The General Meeting or the Board of Directors may resolve to distribute an interim dividend to shareholders only if the following conditions are satisfied: the Board of Directors must release a financial statement showing that there is sufficient liquidity for such distribution; and the distributable amount may not exceed the amount of earnings made since the last year-end, after setoff of any losses carried forward from previous years and deduction of any amounts applicable to mandatory reserves under the law or under the Articles of Association and estimated tax payable on such earnings.

ARTICLE 54. - RESTITUTION OF DIVIDENDS.

Any payment of dividends or interim dividends contrary to the Amended Consolidated Text of the LSC must be disgorged by shareholders in receipt of such payment, together with appropriate interest at the statutory rate, provided that the Company proves that the recipients knew, or, having regard to all the circumstances, ought to have known, that such distribution was unlawful.

ARTICLE 55. - DEPOSIT AND PUBLICITY OF FINANCIAL STATEMENTS.

Within one month following the adoption of the financial statements, there must be filed for deposit with the registrar of companies with jurisdiction at the registered office a document, duly signed, certifying the resolutions of the General Meeting adopting the financial statements and the appropriation of profit or loss, to which shall be attached a copy of each financial statement, as well as the Directors' report and of the auditors' report.