



RED ELÉCTRICA
CORPORACIÓN

Board of Directors

February 24, 2011

Amendment of the Corporate Bylaws

AMENDMENT OF THE CORPORATE BYLAWS (ITEMS 6.1 and 6.2 ON THE AGENDA FOR THE ANNUAL SHAREHOLDERS' MEETING)

AMENDMENT OF THE CORPORATE BYLAWS TO UPDATE THEIR PROVISIONS IN LIGHT OF CERTAIN LEGISLATIVE REFORMS RELATING TO CORPORATIONS:

AMENDMENT OF ARTICLES 1 (“NAME AND LEGAL REGIME”), 6 (“ACCOUNTING RECORD OF SHARES”), 7 (“RIGHTS ATTACHING TO SHARES”), 8 (“INCREASE AND REDUCTION OF CAPITAL STOCK”), 11 (“SHAREHOLDERS’ MEETING”), 12 (“TYPES OF SHAREHOLDERS’ MEETING”), 13 (“CALL TO THE SHAREHOLDERS’ MEETING”), 14 (“QUORUM”), 15 (“RIGHT TO INFORMATION AND ATTENDANCE OF SHAREHOLDERS’ MEETINGS”), 17 (“PRESIDING PANEL, DELIBERATIONS”), 18 (“MINUTES”), 20 (“BOARD OF DIRECTORS”), 22 (“BOARD COMMITTEES AND DELEGATION OF POWERS”), 23 (“AUDIT COMMITTEE”), 24 (“APPOINTMENTS AND COMPENSATION COMMITTEE”), 29 (“AUDIT”), 32 (“RULES AND METHOD OF LIQUIDATION”) AND 33 (“SCOPE OF THESE BYLAWS”)

I. EXPLANATORY REPORT BY THE BOARD OF DIRECTORS ON ITEM 6 ON THE AGENDA FOR THE ANNUAL SHAREHOLDERS’ MEETING RELATING TO THE AMENDMENT OF THE CORPORATE BYLAWS.

1. PURPOSE OF THE REPORT

The Board of Directors of Red Eléctrica Corporación, S.A. (the “**Company**”) at its meeting of February 24, 2011, resolved to submit to the Shareholders’ Meeting under items 6.1 and 6.2 on the meeting agenda, the amendment of Articles 1 (“Name and legal regime”), 6 (“Accounting record of shares”), 7 (“Rights attaching to shares”), 8 (“Increase and reduction of capital stock”), 11 (“Shareholders’ Meeting”), 12 (“Types of Shareholders’ Meeting”), 13 (“Call to the Shareholders’ Meeting”), 14 (“Quorum”), 15 (“Right to information and attendance of Shareholders’ Meetings”), 17 (“Presiding panel, deliberations”), 18 (“Minutes”), 20 (“Board of Directors”), 22 (“Board Committees and delegation of powers”), 23 (“Audit Committee”), 24 (“Appointments and Compensation Committee”), 29 (“Audit”), 32 (“Rules and method of liquidation”) and 33 (“Scope of these Bylaws”)

This Report is prepared by the Board of Directors of the Company in accordance with the provisions of (i) Article 286 of the Corporate Enterprises Law (“**LSC**”), pursuant to which, in order to amend the corporate bylaws, the directors of corporations are required to draft the full text of the amendment proposed by them and also prepare a written report justifying the amendment; and (ii) Article 158 of the Mercantile Registry Regulations.

Pursuant to Article 287 LSC, the call notice for the Shareholders’ Meeting must state, with due clarity, the items to be amended and the right of all shareholders to examine the full text of the proposed amendment and the related report at the registered office, and to request that these documents be delivered or sent free of charge.

2. JUSTIFICATION FOR THE REFORM OF THE CORPORATE BYLAWS

The purpose of the reform of the Corporate Bylaws, approval of which is submitted to the Shareholders’ Meeting, is to update their provisions in light of certain legislative reforms which have recently affected the legal regime governing corporations.

In particular, and for the purposes of this Report:



- a) Law 3/2009, of April 3, 2009, on structural modifications to commercial companies (“**Law 3/2009**”) which, among other things:
- (i) amended Article 103 of the Corporations Law (“**LSA**”) (now Article 194 LSC) to bring it into line with the configuration of the structural modifications regulated by that Law;
 - (ii) introduced a new Article 50 *bis* (now Article 97 LSC) on equal treatment of shareholders.
- b) Law 12/2010, of June 30, 2010, amending Audit Law 19/1988, of July 12, 1988, Securities Market Law 24/1988, of July 28, 1988 (“**LMV**”), and the revised Corporations Law approved by Legislative Royal Decree 1564/1989, of December 22, 1989, to bring them into line with Community legislation (“**Law 12/2010**”), which amended Additional Provision no. 18 of the LMV relating to the Audit Committee as regards its composition and powers.
- c) Legislative Royal Decree 1/2010, of July 2, 2010, approving the Revised Corporate Enterprises Law (“**LSC**”) which, in short, and as a result of the enabling power contained in Final Provision no. 7 of Law 3/2009, revised—regularizing, clarifying and harmonizing—the LSA, the Limited Liability Companies Law, Title X of the LMV and the provisions of the Commercial Code relating to partnerships limited by shares, thus making it advisable to review, in general, the references, terminology and general suitability of the Bylaws of the Company to the new statute regulating the corporate form of the Company.
- d) Royal Decree-Law 13/2010, of December 3, 2010, on tax, employment and deregulation measures to promote investment and the creation of employment (“**RDL 13/2010**”), which amended the LSC with a view to reducing the administrative burden relating to corporate acts, particularly with regard to the manner of publishing certain notices.

The proposed amendment aims to incorporate any new features introduced by the above pieces of legislation which, in the opinion of the Board of Directors, are suitable for the Corporate Bylaws, to ensure that the Corporate Bylaws are fully updated, on the terms set out below.

Lastly, taking advantage of the review, a number of changes to the Corporate Bylaws have been proposed for purely stylistic purposes or for clarification of some provisions.

3. PROPOSED AMENDMENTS

Based on the foregoing, the following proposals are made:

- 1) The amendment of Article 1, “Name and legal regime”, with a view to updating the references to the LSA with references to the LSC.

As a result, a proposal is made to amend Article 1 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
Article 1.- Name and legal regime	Article 1.- Name and legal regime



The Company is called “RED ELÉCTRICA CORPORACIÓN, S.A.” and shall be governed by these Bylaws, by the Spanish Corporations Law, the Spanish Commercial Code, the Spanish Securities Market Law and other applicable legislation	The Company is called “RED ELÉCTRICA CORPORACIÓN, S.A.” and shall be governed by these Bylaws, by the Corporate Enterprises Law, the Commercial Code, the Securities Market Law and other applicable legislation.
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- 2) The amendment of Article 6, “Accounting record of shares”, with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC.

As a result, a proposal is made to amend Article 6 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 6.- Accounting record of shares</p> <p>1. The shares are represented by book entries and are traded on the Spanish stock market, in the Unified Computerized Trading System. They shall be governed by the legislation regulating the Securities Market and other statutory provisions in force. Their admission to trading on other stock markets of foreign securities or other organized secondary markets may be requested.</p> <p>Pursuant to Article 60.2 of the Corporations Law, notwithstanding its representation by book entries, the Company is subject to the rules on the obligatory registering of its shares imposed by the legislation in force.</p> <p>The Company shall only acknowledge as a shareholder, to all effects and purposes including the attendance of and voting at Shareholders’ Meetings, whoever is lawfully recorded in the entries made in the related accounting records, which shall include a note of the creation of rights in rem over the shares. Where shares have not been fully paid in, this circumstance shall be recorded in the related accounting entry.</p> <p>2. The Company shall not acknowledge the exercise of non-economic rights relating to shares or other securities or rights in the Company owned or held by any individual or legal entity in excess of the limits on maximum ownership of shares or securities in the Company imposed at any given time by the legislation in force.</p>	<p>Article 6.- Accounting record of shares</p> <p>1. The shares are represented by book entries and are traded on the Spanish stock market, in the Unified Computerized Trading System. They shall be governed by the legislation regulating the Securities Market and other statutory provisions in force. Their admission to trading on other stock markets of foreign securities or other organized secondary markets may be requested.</p> <p>Pursuant to Article 118.2 of the Corporate Enterprises Law, notwithstanding representation by book entries, the Company is subject to the rules on the obligatory registering of its shares imposed by the legislation in force.</p> <p>The Company shall only acknowledge as a shareholder, to all effects and purposes including attendance and voting at Shareholders’ Meetings, whoever is lawfully recorded in the entries made in the related accounting records, which shall include a note of the creation of rights in rem over the shares. Where shares have not been fully paid in, this circumstance shall be recorded in the related accounting entry.</p> <p>2. The Company shall not acknowledge the exercise of non-economic rights relating to shares or other securities or rights in the Company owned or held by any individual or legal entity in excess of the limits on maximum ownership of shares or securities in the Company imposed from time to time by the legislation in force.</p>

- 3) The amendment of Article 7, “Rights attaching to shares”, with a view to:



- a) updating the references to the LSA with references to the LSC;
- b) including the principle of equal treatment of shareholders provided for in Article 97 LSC, deriving from Article 50 bis LSA, introduced by Law 3/2009.

As a result, a proposal is made to amend Article 7 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

Previous wording	Proposed new wording
<p>Article 7.- Rights attaching to shares</p> <p>Each share confers the status of shareholder on its lawful owner and grants it the rights stipulated in the Corporations Law and in these Bylaws and, in particular, the right to a share in the corporate income and in the liquidation dividend, the preemptive right on the issue of new shares or convertible debentures, the right to attend and vote at Shareholders' Meetings, the right to object to corporate resolutions and the right to information pursuant to the law and to these Bylaws and their implementing provisions.</p> <p>Shares are indivisible. Cases of joint ownership, usufruct and pledge of shares and other cases of joint holding shall be subject to the law, to the instrument whereby they are created and to these Bylaws.</p>	<p>Article 7.- Rights attaching to shares</p> <p>Each share confers the status of shareholder on its lawful owner and grants it the rights stipulated in the Corporate Enterprises Law and in these Bylaws and, in particular, the right to a share in the corporate income and in the liquidation dividend, the preemptive right to subscribe the issue of new shares or convertible debentures, the right to attend and vote at Shareholders' Meetings, the right to object to corporate resolutions and the right to information pursuant to the Law and to these Bylaws and their implementing provisions.</p> <p>The Company must afford equal treatment to shareholders who are on an identical footing.</p> <p>Shares are indivisible. Cases of joint ownership, usufruct and pledge of shares and other cases of joint title shall be subject to the Law, to the instrument whereby they are created and to these Bylaws.</p>

- 4) The amendment of Article 8, "Increase and reduction of capital stock", with a view to updating the former term "capital calls" ("*dividendos pasivos*") with the new term relating to calls on "unpaid capital" ("*desembolsos pendientes*") used by the LSC.

As a result, a proposal is made to amend Article 8 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

Previous wording	Proposed new wording
<p>Article 8.- Increase and reduction of capital stock</p> <p>Capital stock may be increased and reduced by resolution of the Shareholders' Meeting, lawfully called for such purpose, pursuant to the law and to these Bylaws.</p> <p>The Shareholders' Meeting, after meeting the requirements stipulated for the amendment of the Bylaws, may delegate to the Board of Directors:</p>	<p>Article 8.- Increase and reduction of capital stock</p> <p>Capital stock may be increased and reduced by resolution of the Shareholders' Meeting, lawfully called for such purpose, pursuant to the Law and to these Bylaws.</p> <p>The Shareholders' Meeting, after meeting the requirements stipulated for the amendment of the Bylaws, may delegate to the Board of Directors:</p>



<p>a) after resolving to increase capital by a certain amount, the following powers:</p> <ol style="list-style-type: none">1. to enforce said resolution within not more than one year, except in the case of converting debentures into shares;2. to indicate the date on which the increase, by the agreed amount, is to take place;3. to indicate the dates of commencement and termination of the subscription period;4. to issue the shares representing the increase;5. to report the amounts subscribed in the capital increase;6. to demand payment of capital calls;7. to amend Article 5 of the Corporate Bylaws, on capital stock, recording the new figure following the increase, in accordance with the amounts actually subscribed; and8. in general, to stipulate the terms of the capital increase where not provided for in the resolution of the Shareholders' Meeting; <p>b) the power to resolve to increase capital stock one or more times up to a specific figure on the occasion and by the amount which the Board of Directors decides, without first consulting the Shareholders' Meeting. Such increases can in no case be greater than one half of the Company's capital stock upon authorization and must be made with cash contributions within not more than five years from the date of the resolution by the Shareholders' Meeting.</p> <p>In such case, the Board of Directors shall also be empowered to reword the Articles of the Corporate Bylaws relating to capital stock, after the increase has been resolved and carried out.</p>	<p>a) after resolving to increase capital by a certain amount, the following powers:</p> <ol style="list-style-type: none">1. to implement said resolution within not more than one year, except in the case of converting debentures into shares;2. to indicate the date on which the increase, by the resolved amount, is to take place;3. to indicate the dates of commencement and termination of the subscription period;4. to issue the shares representing the increase;5. to report the amounts subscribed in the capital increase;6. to demand payment and disbursement of calls on unpaid capital;7. to amend Article 5 of the Corporate Bylaws, on capital stock, recording the new figure following the increase, in accordance with the amounts actually subscribed; and8. in general, to stipulate the terms of the capital increase where not provided for in the resolution of the Shareholders' Meeting; <p>b) the power to resolve to increase capital stock one or more times up to a specific figure on the occasion and by the amount which the Board of Directors decides, without first consulting the Shareholders' Meeting. Such increases can in no case be greater than one half of the Company's capital stock upon authorization and must be made with cash contributions within not more than five years from the date of the resolution by the Shareholders' Meeting.</p> <p>In such case, the Board of Directors shall also be empowered to reword the Articles of the Corporate Bylaws relating to capital stock, after the increase has been resolved and carried out.</p>
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- 5) The amendment of Article 11, "Shareholders' Meeting", with a view to incorporating the catalog of powers of the Shareholders' Meeting expressly established for corporations in Article 160 LSC.



As a result, a proposal is made to amend Article 11 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 11.- Shareholders' Meeting</p> <p>Shareholders, met together in a Shareholders' Meeting which has been duly called, shall decide by majority on the matters within the powers of the Shareholders' Meeting or on those which are submitted by the Board of Directors, notwithstanding the fact that the Shareholders' Meeting cannot usurp or assume powers which are under the exclusive jurisdiction of the Board of Directors.</p>	<p>Article 11.- Shareholders' Meeting</p> <p>Shareholders, met together in a Shareholders' Meeting which has been duly called, shall decide by majority on the matters within the powers of the Shareholders' Meeting or on those which are submitted by the Board of Directors, notwithstanding the fact that the Shareholders' Meeting cannot usurp or assume powers which are under the exclusive jurisdiction of the Board of Directors.</p> <p>In accordance with the Corporate Enterprises Law, the Shareholders' Meeting has power to deliberate and resolve on the following matters:</p> <ul style="list-style-type: none">a) The approval of the financial statements, the distribution of income or allocation of loss, and approval of the conduct of management of the Company.b) The appointment and removal of Directors, liquidators and, as the case may be, auditors, as well as the filing of a corporate action for liability against any of them.c) The amendment of the Corporate Bylaws.d) Capital increases and reductions.e) The removal or limitation of the preemptive right of subscription or assumption.f) An alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, and transfer abroad of the registered office.g) The dissolution of the Company.h) The approval of the final liquidation balance sheet.i) Any other matters determined by the law or the Corporate Bylaws.
<p>In particular, the Shareholders' Meeting shall have the power to approve transactions whose effect is equivalent to that of the transformation</p>	<p>In particular, the Shareholders' Meeting shall have the power to approve transactions the</p>



<p>of the corporate purpose or to the liquidation of the Company.</p> <p>All shareholders, including dissenting and absent shareholders, shall be subject to the resolutions of the Shareholders' Meeting notwithstanding the statutory rights and actions acknowledged to them.</p> <p>The Shareholders' Meeting shall be governed by the applicable legislation, by these Bylaws and by its Regulations.</p>	<p>effect of which is equivalent to that of the modification of the corporate purpose or to the liquidation of the Company.</p> <p>All shareholders, including dissenting and absent shareholders, shall be subject to the resolutions of the Shareholders' Meeting notwithstanding the statutory rights and remedies acknowledged to them.</p> <p>The Shareholders' Meeting shall be governed by the applicable legislation, by these Bylaws and by its Regulations.</p>
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- 6) The amendment of Article 12, "Types of Shareholders' Meeting", with a view to bringing it into line with the literal wording of Article 168 LSC as opposed to the wording previously used in the LSA.

As a result, a proposal is made to amend Article 12 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 12.- Types of Shareholders' Meetings</p> <p>Shareholders Meetings may be Annual or Special and must be called by the Company's Board of Directors.</p> <p>The Annual Shareholders' Meeting must be held, following the relevant call, within the first six months of each financial year, with a view to ratifying the corporate management, approving, if appropriate, the financial statements and the management report of the previous financial year and resolving, as the case may be, on the distribution of income or allocation of loss.</p> <p>Any other matter reserved by law or in the Bylaws to the authority of the Shareholders' Meeting may be decided at an Annual or Special Meeting.</p> <p>The Annual Shareholders' Meeting shall be valid even where called or held after the aforesaid deadline.</p> <p>The Special Shareholders' Meeting shall be held where so resolved by the Board of Directors or where requested by a number of shareholders representing at least five percent (5%) of the capital stock, stating in their request the matters they wish to have discussed at the Meeting. In such case, the Shareholders' Meeting must be called to be held within thirty days from the date on which</p>	<p>Article 12.- Types of Shareholders' Meetings</p> <p>Shareholders Meetings may be Annual or Special and must be called by the Company's Board of Directors.</p> <p>The Annual Shareholders' Meeting must be held, following the relevant call, within the first six months of each fiscal year, with a view to ratifying the conduct of management of the Company, approving, if appropriate, the financial statements and the management report for the previous fiscal year and resolving, as the case may be, on the distribution of income or allocation of loss.</p> <p>Any other matter reserved by law or in the Bylaws to the authority of the Shareholders' Meeting may be decided at an Annual or Special Meeting.</p> <p>The Annual Shareholders' Meeting shall be valid even where called or held late.</p> <p>A Special Shareholders' Meeting shall be held whenever so resolved by the Board of Directors or when requested by a number of shareholders representing at least five percent of the capital stock, stating in their request the business to be transacted at the Meeting. In such case, the Shareholders' Meeting must be called to be held within the month following the date on which the Board</p>



the Board of Directors was asked, via notary, to call the Meeting, and the meeting Agenda must state the matters which the requesting shareholders wish to have discussed.	of Directors was asked, by way of a notary, to call the Meeting, and the Meeting agenda must state the matters so requested.
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- 7) The amendment of Article 13, “Call to the Shareholders’ Meeting”, with a view to:
- a) introducing the new manner of calling the Meeting through the Company website as established in Article 173 LSC, as amended by RDL 13/2010;
 - b) bringing it into line with the literal wording of Article 174 LSC as regards the contents of call notices;
 - c) making use of the greater flexibility offered by Article 175 LSC as regards the venue for holding Shareholders’ Meetings.

As a result, a proposal is made to amend Article 13 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 13.- Call to the Shareholders’ Meeting</p> <p>Both the Annual and the Special Shareholders’ Meeting shall be called in a notice published in the Official Gazette of the Mercantile Registry and in one of the largest circulation newspapers in Madrid at least one month prior to the date set for the holding of the Meeting. The call notice shall indicate the date of the meeting at first call, and the items included on the Agenda. The date for the second call may also be set. A minimum period of twenty four hours must elapse between the two calls.</p> <p>Shareholders owning five percent (5%) of the capital stock may ask the Board of Directors, within the period running between the Company’s last Shareholders’ Meeting and the date on which the Board resolves to call the next Meeting, to include in item on the Agenda of the next Shareholders’ Meeting. This request must be made in the manner and on the terms stipulated in the Regulations of the Shareholders’ Meeting. The Board shall include on the Agenda all items requested in the manner which best suits the corporate interest, provided that they relate to matters which are within the powers of the Shareholders’ Meeting.</p>	<p>Article 13.- Calls for Shareholders’ Meetings</p> <p>Both Annual and Special Shareholders’ Meetings must be called by means of a notice published in the Official Gazette of the Mercantile Registry and on the Company website or, if no such website exists, in one of the largest circulation newspapers in the province where the registered office is situated, at least one month prior to the date set for holding the Meeting. The call notice shall indicate the name of the Company, date and timing of the Meeting on first call, and the agenda with all the business to be transacted thereat. The date on which, if appropriate, the Meeting is to be held on second call may also be stated. A minimum period of 24 hours must elapse between the two Meetings.</p> <p>Shareholders owning five percent of the capital stock may ask the Board of Directors, within the period between the Company’s last Shareholders’ Meeting and the date on which the Board resolves to call the next Meeting, to include any item on the agenda for the next Shareholders’ Meeting. Said request must be made in the manner and on the terms stipulated in the Regulations of the Shareholders’ Meeting. The Board shall include on the agenda the items requested in the manner which best suits the interests of the Company, provided that they relate to matters which are within the powers of the Shareholders’ Meeting.</p> <p>The call notice must state the right of</p>



<p>The call must state the right of shareholders to examine at the registered office and to obtain free of charge and immediately all documents which are to be submitted to the approval of the Shareholders' Meeting, as well as the statutory technical reports. Should the Shareholders' Meeting have to decide on any amendment to the Bylaws, the call must state, with due clarity, the points which are to be amended.</p> <p>Shareholders representing at least five percent (5%) of the capital stock may request the publication of a supplement to the call to the Shareholders' Meeting, including one or more items on the Agenda. This right must be exercised via duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.</p> <p>The supplement to the call notice must be published at least fifteen days prior to the date set for the holding of the Shareholders' Meeting.</p> <p>Failure to publish the supplement to the call notice by the statutory deadline shall render the Shareholders' Meeting void.</p> <p>Shareholders' Meetings shall be held at the registered office, unless the call notice expressly indicates another venue within the municipality where the corporate headquarters are located.</p>	<p>shareholders to examine at the registered office and to obtain immediately free of charge the documents that are to be submitted to the approval of the Shareholders' Meeting, and the technical reports established in the Law. Should the Shareholders' Meeting have to decide on any amendment to the Bylaws, the call notice must state, with due clarity, the points which are to be amended.</p> <p>Shareholders representing at least five percent of the capital stock may request the publication of a supplement to the call notice for a Shareholders' Meeting, including one or more items on the agenda. This right must be exercised by giving duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.</p> <p>The supplement to the call notice must be published at least fifteen days prior to the date set for holding the Shareholders' Meeting.</p> <p>Failure to publish the supplement to the call notice by the statutory deadline shall be a ground for rendering the Shareholders' Meeting void.</p> <p>Shareholders' Meetings shall be held in Spain at such venue as may be decided in each case by the Board of Directors, and as shall be duly indicated in the call notice.</p>
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- 8) The amendment of Article 14, "Quorum", with a view to:
- a) bringing it into line with the literal wording of Article 194 LSC (deriving from the former Article 103 LSA, as amended by Law 3/2009), as regards special quorums;
 - b) updating the former term "capital calls" ("*dividendos pasivos*") with the new term relating to calls on "unpaid capital" ("*desembolsos pendientes*") used by the LSC.

As a result, a proposal is made to amend Article 14 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

Previous wording	Proposed new wording
Article 14.- Quorum	Article 14.- Quorum
Annual and Special Shareholders' Meetings shall be called and validly convened pursuant to the law.	Annual and Special Shareholders' Meetings shall be called and validly convened pursuant to the Law.
In order for the Annual or Special Shareholders' Meeting to be able to adopt	In order for an Annual or Special Shareholders' Meeting to be able to validly



<p>validly a resolution for the increase or reduction of capital, the reregistration, merger or spin-off of the Company and, in general, any amendment of the Corporate Bylaws, shareholders holding at least fifty percent (50%) of the subscribed voting capital must be present or represented at first call. At second call the attendance or representation of twenty five percent (25%) of said capital shall be sufficient.</p> <p>Shareholders entitled to attend and vote and who cast their vote absentee, in the manner provided for in Article 17 of these Bylaws, must be counted as present for the purposes of convening the Shareholders' Meeting.</p> <p>Non-voting shares and those whose holders are not up to date on the payment of capital calls, shall not be counted as present at any Shareholders' Meeting.</p> <p>Shares or other securities whose non-economic rights exceed the limits stipulated in Article 5 shall not be counted for the calculation of the quorum required to convene the relevant Shareholders' Meetings or when calculating the majorities for the adoption of resolutions.</p>	<p>adopt a resolution for a capital increase or reduction or any other amendment of the Corporate Bylaws, the issue of debentures, the removal or limitation of the preemptive right of acquisition of new shares, or an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, or the transfer abroad of the registered office, shareholders holding at least 50 percent of the subscribed voting capital stock must attend in person or by proxy on first call. On second call, the attendance of 25 percent of said subscribed voting capital stock shall be sufficient.</p> <p>Shareholders entitled to attend and vote and who cast their votes remotely, as provided for in Article 17 of these Bylaws, must be counted as present for the purposes of convening the Shareholders' Meeting.</p> <p>Non-voting shares and those whose holders are not up to date in the payment of calls on unpaid capital shall not be counted as present at any Shareholders' Meeting.</p> <p>Shares or other securities the non-economic rights of which exceed the limits recognized in Article 5 shall not be taken into account when calculating the quorum required to convene the relevant Shareholders' Meetings or when calculating the majorities for the adoption of resolutions.</p>
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- 9) The amendment of Article 15, "Right to information and attendance of Shareholders' Meetings", with a view to:
- a) updating the former term "capital calls" ("*dividendos pasivos*") with the new term relating to calls on "unpaid capital" ("*desembolsos pendientes*") used by the LSC.
 - b) updating the references to Articles of the LSA with the corresponding Articles of the LSC;
 - c) bringing it more into line with the literal wording of Article 514 LSC as regards public proxy solicitations.

As a result, a proposal is made to amend Article 15 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
Article 15.- Right to information and	Article 15.- Right to information and



attendance of Shareholders' Meetings	attendance at Shareholders' Meetings
<p>The Shareholders' Meeting may be attended by those who are up to date on the payment of capital calls and who prove their ownership by means of a certificate of the registration of their name in the accounting record of book entries at least five days before the date on which the Shareholders' Meeting is to be held. Shareholders shall ask the Entity in charge of the accounting record of book entries to issue the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company's securities, in order to obtain, where necessary, the appropriate attendance card from the Company.</p> <p>Shareholders who are entitled to attend may be represented at the Shareholders' Meeting by another shareholder who is entitled to attend, in the manner established by Articles 106 through 108 of the Corporations Law, in relation, in any case, to the provisions of these Bylaws. The proxy must be granted in writing and specifically for each Shareholders' Meeting. Directors must attend Shareholders' Meetings.</p> <p>Proxies may be granted by means of postal or electronic correspondence or by any other means of remote communication, provided that the identity of the individual granting the proxy is duly guaranteed, pursuant to the provisions of the applicable legislation and subject, if appropriate, to the provisions of Articles 17 bis of these Corporate Bylaws on the casting of votes by the aforesaid means, insofar as this is not incompatible with the nature of the proxy granted.</p> <p>In the case of a public request for representation, the Director obtaining it shall not himself exercise the voting right where there is a conflict of interests pursuant to the provisions of the Securities Market Law.</p> <p>Personal attendance of the Shareholders' Meeting by the shareholder represented shall be deemed to revoke the proxy granted.</p> <p>Shareholders may request such reports or</p>	<p>Shareholders may attend the Shareholders' Meeting if they are up to date in the payment of calls on unpaid capital and evidence their ownership by way of certification of the registration of their name in the accounting record of book entries at least five days before the date on which the Shareholders' Meeting is to be held. Shareholders shall ask the entity in charge of the accounting record of book entries for the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company's securities, in order to obtain, where necessary, the appropriate attendance card from the Company.</p> <p>Shareholders who are entitled to attend may be represented at the Shareholders' Meeting by another shareholder who is entitled to attend, in the manner established by Articles 184 through 187 of the Corporate Enterprises Law, in relation, in any case, to the provisions of these Bylaws. Proxies must be conferred in writing and specifically for each Meeting. Directors must attend Shareholders' Meetings.</p> <p>Proxies may be granted by means of postal or electronic correspondence or by any other means of remote communication, provided that the identity of the individual granting the proxy is duly guaranteed, pursuant to the provisions of the applicable legislation and subject, if appropriate, to the provisions of Article 17 bis of these Corporate Bylaws on the casting of votes by the aforesaid means, insofar as this is not incompatible with the nature of the proxy granted.</p> <p>Where the Directors of the Company, or another acting for the account or in the interests of any of them, have made a public proxy solicitation, the Director obtaining it shall not exercise the right to vote attaching to the shares represented on those items on the agenda in respect of which he has a conflict of interest as provided in Article 514 of the Corporate Enterprises Law.</p> <p>Personal attendance at the Shareholders' Meeting by the shareholder represented shall be deemed to revoke the proxy granted.</p> <p>Shareholders may request such reports or explanations as they deem necessary concerning the items of interest to them, in the manner stipulated by the applicable laws,</p>



<p>explanations as they deem necessary concerning the items of interest to them, in the manner stipulated by the applicable laws, and shall receive information via the Company's website as stipulated by law, in these Bylaws and in the rules on corporate governance.</p> <p>From the day of publication of the call to the Shareholders' Meeting and through the seventh day prior to the day set for holding the Meeting at first call, shareholders may request in writing such information or clarifications as they deem necessary or pose in writing such questions as they deem significant concerning the items included on the Agenda. During the same period and in the same manner, shareholders may request information, clarifications or pose questions in writing concerning all publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders' Meeting was held.</p> <p>Directors are obliged to furnish the information in writing within seven days after the holding of the Shareholders' Meeting.</p> <p>While the Shareholders' Meeting is being held, Company shareholders may orally request such reports or explanations as they deem appropriate concerning the items on the Agenda and, if this right cannot be satisfied at that time, the Directors must provide the information in writing within seven days after the holding of the Shareholders' Meeting.</p> <p>Directors shall be obliged to provide the information requested pursuant to the foregoing two paragraphs except in cases in which, in the Chairman's opinion, the publication of the information requested could jeopardize the corporate interests. Information may not be refused when the request is supported by shareholders who represent at least one fourth of the capital stock.</p> <p>Except in cases of representation following a public request, which shall be subject to the statutory provisions in force in each case, no person may accumulate proxies which, together with his own votes, confer on him voting rights exceeding three percent (3%) of the capital stock.</p>	<p>and shall receive information via the Company website as stipulated by the Law, these Bylaws and the rules on corporate governance.</p> <p>From the date of publication of the call notice for the Shareholders' Meeting until the seventh day prior to the date set for holding the Meeting on first call, shareholders may request in writing such information or clarifications as they deem necessary or pose in writing such questions as they deem relevant concerning the items on the agenda. During the same prior period and in the same manner, shareholders may request information, clarifications or pose questions in writing concerning publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders' Meeting was held.</p> <p>Directors must furnish the information in writing up to the date of holding the Shareholders' Meeting.</p> <p>While the Shareholders' Meeting is being held, Company shareholders may orally request such information or clarifications as they deem appropriate concerning the items on the agenda and, if this shareholders' right cannot be satisfied at that time, the Directors must provide that information in writing within seven days after the end of the Meeting.</p> <p>Directors must provide the information requested pursuant to the foregoing two paragraphs except in cases in which, in the Chairman's opinion, the public disclosure of the information requested could harm the interests of the Company. Information may not be refused where the request is supported by shareholders who represent at least one fourth of the capital stock.</p> <p>Except in cases of proxies following public solicitation, which shall be subject to the statutory provisions in force in each case, no person may accumulate proxies which, together with his own votes, confer on him voting rights exceeding three percent of the capital stock.</p>
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10) The amendment of Article 17, "Presiding panel, deliberations", with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC.



As a result, a proposal is made to amend Article 17 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 17.- Presiding Panel, deliberations</p> <p>The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in his absence, if there are Deputy Chairmen, by the relevant Deputy Chairman according to rank or to seniority in the office, if no rank has been established, and, in their absence, by the person designated by the Board of Directors and, in the absence of such designation, by such Director or shareholder as is freely designated by the shareholders in attendance, for each Shareholders' Meeting.</p> <p>The Secretary or Deputy Secretary, if any, of the Board of Directors shall act as Secretary of the Shareholders' Meeting. In the absence of both, such Director or shareholder as is freely designated by the shareholders in attendance, for each Shareholders' Meeting, shall act as Meeting Secretary.</p> <p>The Chairman shall be responsible for directing and establishing the order of deliberations and speeches; for deciding on the form taken by the vote on resolutions; for resolving any doubts, making clarifications or handling complaints which are raised in relation to the Agenda, the list of attendees, ownership of shares, delegation of authority or proxies, the requirements for valid constitution and adoption of resolutions by the Shareholders' Meeting, or regarding the Bylaw limit on the right to vote; and for granting the floor to any shareholders requesting it, withdrawing it or refusing it and ending debates when he considers the matter being debated to have been sufficiently discussed.</p> <p>Each share confers one voting right. Resolutions shall be adopted by a majority of the votes, unless the Law requires a greater majority.</p> <p>No person, by virtue of his own right or of proxy, may exercise voting rights which exceed the shareholding limits stipulated in Article 5 of these Bylaws, with the exception of the provisions on publicly requested proxy set forth in the last paragraph of Article 15 above.</p> <p>The statutory limit on the shareholding in the</p>	<p>Article 17.- Presiding Panel, deliberations</p> <p>The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in his absence, if there are Deputy Chairmen, by the relevant Deputy Chairman according to rank or to seniority in the office, if no rank has been established, and, in their absence, by the person designated by the Board of Directors and, in the absence of such designation, by such Director or shareholder as is freely designated by the shareholders in attendance, for each Shareholders' Meeting.</p> <p>The Secretary or Deputy Secretary, if any, of the Board of Directors shall act as Secretary of the Shareholders' Meeting. In the absence of both, such Director or shareholder as is freely designated by the shareholders in attendance, for each Shareholders' Meeting, shall act as Meeting Secretary.</p> <p>The Chairman is responsible for directing and establishing the order of deliberations and speeches; for deciding on the form of voting on resolutions; for resolving any doubts, clarifications or complaints which are raised in relation to the agenda, the list of attendees, ownership of shares, delegations of authority or proxies, the requirements for the valid convening of, and adoption of resolutions by, the Shareholders' Meeting, or regarding the Bylaw limit on the right to vote; and for granting the floor to any shareholders requesting it, withdrawing it or refusing it and ending debates when he considers the matter being debated to have been sufficiently discussed.</p> <p>Each share confers the right to one vote. Resolutions shall be adopted by a majority of the votes, unless the Law requires a greater majority.</p> <p>No person, by virtue of his own right or of a proxy, may exercise voting rights which exceed the shareholding limits stipulated in Article 5 of these Bylaws, with the exception of the provisions on public proxy solicitations set forth in the last paragraph of Article 15 above.</p> <p>The statutory limit on shareholding in the</p>



<p>Company shall also apply to the maximum number of votes that may be cast, collectively or separately, by two or more shareholders, one of which owns indirect holdings in the capital stock of the Company (as defined in Article 5).</p> <p>The limitations on voting rights stipulated by law and in these Bylaws shall operate with respect to all matters submitted to a vote at Shareholders' Meetings, including the right to proportionate representation referred to in Article 137 of the Corporations Law, but shall not prevent the shares to which they are applied from being counted as voting capital in attendance for the purpose of calculating the necessary quorums for convening Shareholders' Meetings.</p>	<p>Company shall also apply to the maximum number of votes that may be cast, collectively or separately, by two or more shareholders, one of whom owns indirect holdings in the capital stock of the Company (as defined in Article 5).</p> <p>The limitations on voting rights stipulated by the Law and in these Bylaws shall operate with respect to all matters submitted to a vote at a Shareholders' Meeting, including the right to proportional representation referred to in Article 243 of the Corporate Enterprises Law, but shall not prevent the shares to which said right applies from being counted as voting capital stock in attendance for the purpose of calculating the necessary quorums for convening Shareholders' Meetings.</p>
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- 11) The amendment of Article 18, "Minutes", with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC, more fully reflecting the statutory provision and adapting its wording to reflect how the moment in time at which the corporate resolutions may be implemented is established in Articles 202 and 203 LSC.

As a result, a proposal is made to amend Article 18 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 18.- Minutes</p> <p>The Secretary shall draw up Minutes of each meeting, which shall record the resolutions adopted by the Shareholders' Meeting. Minutes of Shareholders' Meetings must be approved by the Shareholders' Meeting itself at the end of the meeting or, otherwise, within fifteen (15) days, by the Chairman of the Shareholders' Meeting and two inspectors, one representing the majority and the other representing the minority.</p> <p>Minutes shall be entered in the Company's Minutes Book kept in accordance with the legal formalities. Minutes, following approval, shall be signed by the meeting Secretary and countersigned by the person acting as meeting Chairman.</p> <p>The attendance of a Notary pursuant to Article 114 of the Corporations Law and to the Regulations of the Shareholders' Meeting shall mean that the minutes he draws up shall be regarded as the minutes of the Shareholders'</p>	<p>Article 18.- Minutes</p> <p>The Secretary shall draw up minutes of each meeting, which shall record the resolutions adopted by the Shareholders' Meeting. Minutes of Shareholders' Meetings must be approved by the Shareholders' Meeting itself immediately after it has been held or, otherwise, within fifteen (15) days, by the Chairman of the Shareholders' Meeting and two tellers, one representing the majority and the other representing the minority.</p> <p>Minutes shall be entered in the Company's Minutes Book kept in any form permitted by the Law. Minutes, following approval, shall be signed by the Meeting Secretary and countersigned by the person acting as Meeting Chairman. Corporate resolutions may be implemented as from the date of approval of the minutes recording them.</p> <p>The presence of a notary pursuant to Article 203 of the Corporate Enterprises Law and the Regulations of the Shareholders' Meeting shall mean that the minutes of the notary shall be regarded as the minutes of the Shareholders' Meeting and not be subject to</p>



Meeting.	the formality of approval, and the resolutions recorded in them may be implemented as from the date of their completion.
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- 12) The amendment of Article 20, “Board of Directors”, with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC.

As a result, a proposal is made to amend Article 20 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 20.- Board of Directors</p> <p>The Board of Directors shall be formed by at least nine (9) and not more than thirteen (13) members, who shall be designated by the Shareholders’ Meeting. The Shareholders’ Meeting shall set the final number of Directors within the aforesaid maximum and minimum limits.</p> <p>When selecting the Directors, regard shall be had to the Company’s capital composition and structure. The Shareholders’ Meeting shall seek to have External Directors (independent and nominee) represent a broad majority. In any case, the Board shall be composed in such a way as to ensure that the capital stock is most suitably represented.</p> <p>The Directors appointed shall hold office for four years and may be reelected indefinitely, notwithstanding the power of the Shareholders’ Meeting to remove them at any time.</p> <p>Directors need not be Company shareholders, except in the case stipulated in Article 138 of the Corporations Law. Both individuals and legal entities may be appointed as Directors.</p> <p>Directors shall be elected pursuant to Article 137 of the Corporations Law and supplementary provisions.</p> <p>Persons who, by law, are subject to conflicts of interest cannot be Directors.</p> <p>The compensation of the Board of Directors shall be a fixed monthly fee for the attendance of Board meetings and a share in the Company’s income. Overall annual compensation for the entire Board and for the foregoing items shall be equal to 1.5% of the Company’s net income, approved by the</p>	<p>Article 20.- Board of Directors</p> <p>The Board of Directors shall be formed by at least nine (9) and not more than thirteen (13) members, who shall be designated by the Shareholders’ Meeting. The Shareholders’ Meeting shall set the final number of Directors within the aforesaid maximum and minimum limits.</p> <p>When selecting the Directors, regard shall be had to the Company’s capital composition and structure. It shall be sought to have External Directors (Independent and Nominee) represent a broad majority. In any case, the Board shall be composed in such a way as to ensure that the capital stock is most suitably represented.</p> <p>The Directors appointed shall hold office for four years and may be reappointed indefinitely, notwithstanding the power of the Shareholders’ Meeting to remove them at any time.</p> <p>Directors need not be Company shareholders or members, except in the case stipulated in Article 244 of the Corporate Enterprises Law. Both individuals and legal entities may be appointed as Directors.</p> <p>Directors shall be elected in observance of Article 243 of the Corporate Enterprises Law and supplemental provisions.</p> <p>Persons who, pursuant to the Law, are incompatible cannot be Directors.</p> <p>The compensation of the Board of Directors shall consist of a fixed monthly fee for the attendance of Board meetings and a share in the Company’s income. Overall annual compensation for the entire Board and for the foregoing items shall be equal to 1.5% of the Company’s net income, approved by the</p>



<p>Shareholders' Meeting. The foregoing compensation is, in all cases, a maximum figure and the Board itself shall be in charge of allocating its amount among the aforesaid items and among the Directors in such manner, at such time and in such proportion as it freely determines. Pursuant to Article 130 of the Corporations Law, compensation in the form of a share in income may only be received by Directors after the provisions to the statutory and bylaw reserves have been covered and shareholders have been recognized a dividend of not less than 4%.</p> <p>Compensation consisting of the award of shares or stock options or compensation linked to share value shall require a resolution of the Shareholders' Meeting, which must state the number of shares to be awarded, the price for exercising the options, the share value taken as a reference and the term of this compensation system.</p> <p>The compensation stipulated in this Article shall be compatible with and independent of salaries, wages, severance pay, pensions or any other type of compensation stipulated generally or individually for members of the Board of Directors who have an ordinary or special employment relationship or an independent professional relationship with the Company, which relationships shall be compatible with the office of Board member.</p> <p>Members of the Board of Directors shall hold office and discharge their functions with the diligence of an organized businessman and loyal representative, and must at all times be faithful and loyal to the Company's interests and comply with the duty of secrecy pursuant to the law and to these Bylaws.</p>	<p>Shareholders' Meeting. The foregoing compensation is, in all cases, a maximum figure and the Board itself shall be in charge of allocating its amount among the aforesaid items and among the Directors in such manner, at such time and in such proportion as it freely determines. Pursuant to Article 218.2 of the Corporate Enterprises Law, compensation in the form of a share in income may only be received by Directors after the provisions to the legal and bylaw reserves have been covered and the shareholders have been recognized a dividend of not less than 4%.</p> <p>Compensation consisting of the award of shares or stock options or compensation linked to share value shall require a resolution of the Shareholders' Meeting, which must state the number of shares to be awarded, the price for exercising the options, the share value taken as a reference and the term of this compensation system.</p> <p>The compensation stipulated in this Article shall be compatible with and independent of salaries, wages, severance pay, pensions or compensation of any kind established generally or individually for members of the Board of Directors who hold an ordinary or special senior management employment relationship or an independent professional relationship with the Company, which relationships shall be compatible with the status of member of the Board of Directors.</p> <p>The members of the Board of Directors shall discharge their office and their functions with the diligence of an organized businessman and loyal representative, and must at all times be faithful and loyal to the Company's interests and comply with the duty of secrecy pursuant to the Law and to these Bylaws.</p>
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- 13) The amendment of Article 22, "Board Committees and delegation of powers", with a view to reflecting the change of name resolved by the Board from the previously named Appointments and Compensation Committee, including possible new name changes in the future.

As a result, a proposal is made to amend Article 22 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
Article 22.- Board Committees and delegation of powers	Article 22.- Board Committees and delegation of powers



<p>The Board shall approve its internal Regulations with the basic rules on its organization and operation, the rules of conduct of its members and its system of supervision and control, with a view to attaining the greatest professional conduct and efficiency in its actions, promoting the active participation of all its members, submitting its own interests to those of the Company and of its shareholders, in compliance with the law, the Bylaws and the rules on good governance.</p> <p>The Board shall act in plenum or in committees which may be set up on a permanent basis or for a specific matter, with delegated and executive powers, or powers to research, advise or propose. Pursuant to the law and to these Bylaws, the Board must have an Audit Committee and an Appointments and Compensation Committee with the functions indicated in the following Articles. Additionally the Board shall set up, having regard to the recommendations on good governance in force at any given time, such other committees as it deems suitable to the Company's optimum organization and operation.</p> <p>Committees shall keep the Board of Directors informed of their actions at all times.</p> <p>Notwithstanding such powers of attorney as may be conferred on any person, the Board of Directors may designate an Executive Committee, which shall be composed of such Directors as are chosen by the Board and on which the Secretary of the Board shall act as secretary, and one or more Managing Directors.</p> <p>The setting up of the Executive Committee, the designation of the Directors who are to compose it, the designation of the Managing Director or Directors and the permanent delegation of powers, if any, shall require, to be valid, the affirmative vote of two thirds of the Company's Board members. Notwithstanding delegation, the Board of Directors shall retain the powers delegated.</p>	<p>The Board shall approve its internal Regulations with the basic rules on its organization and operation, the rules of conduct of its members and its system of supervision and control, with a view to attaining the optimum professionalism and efficiency in its work, promoting the active participation of all its members, subordinating its own interests to those of the Company and of its shareholders, in compliance with the Law, the Bylaws and the principles of good corporate governance.</p> <p>The Board shall act in plenum or in committees which may be set up on a permanent basis or for a specific matter, with delegated and executive powers, or powers to research, advise or propose. Pursuant to the Law and to these Bylaws, there must be an Audit Committee and a Corporate Responsibility and Governance Committee, notwithstanding any other name they may be ascribed by the Board of Directors from time to time, with the functions indicated in the following Articles. Additionally the Board shall set up, having regard to the recommendations on corporate governance from time to time in force, such other committees as it deems suitable to the Company's optimum organization and operation.</p> <p>The Committees shall keep the Board of Directors informed of their work at all times.</p> <p>Notwithstanding such powers of attorney as may be conferred on any person, the Board of Directors may designate an Executive Committee, which shall be composed of such Directors as may be resolved by the Board and on which the Secretary of the Board shall act as Secretary, and one or more Managing Directors.</p> <p>The setting up of the Executive Committee, the designation of the Directors who are to sit on it, the designation of the Managing Director(s) and the permanent delegation of powers, if any, shall require the affirmative vote of two thirds of the members of the Company's Board of Directors to be valid. Notwithstanding delegation, the Board of Directors shall retain the powers delegated.</p>
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- 14) The amendment of Article 23, "Audit Committee", with a view to including the new provisions regarding its composition and powers in Additional Provision no. 18 LMV, as amended by Law 12/2010.



As a result, a proposal is made to amend Article 23 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 23.- Audit Committee</p> <p>1. The Company shall have an Audit Committee, which shall be denominated as stipulated by the Board of Directors and composed of a number of members to be determined by the Board of Directors, between at least three and not more than five, from among the External Directors. The Chairman shall be an Independent Director designated from among its members. The Secretary of the Board of Directors shall act as Secretary.</p> <p>The Committee shall support the Board of Directors in supervising economic and financial processes and the independence of the External Auditor, and in the internal control of the Company.</p> <p>2. The Audit Committee shall have at least the following powers:</p> <ul style="list-style-type: none">(i) to inform the Shareholders' Meeting concerning matters raised thereat by shareholders on matters within its powers;(ii) to propose to the Board of Directors the appointment of External Auditors for its submission to the Shareholders' Meeting;(iii) to supervise the services of the internal auditors;(iv) to be familiar with the Company's financial reporting process and internal control systems;	<p>Article 23.- Audit Committee</p> <p>1. The Company shall have an Audit Committee composed of a number of members to be determined by the Board of Directors, with a minimum of three, from among the External Directors and at least one Independent Director designated taking into account his knowledge of and experience in accounting and/or audit from among its members. The Chairman shall be an Independent Director designated from among its members. The Secretary of the Board of Directors shall act as Secretary.</p> <p>The Committee shall support the Board of Directors in supervising economic and financial processes and the independence of the External Auditor, and in the internal control of the Company.</p> <p>2. The Audit Committee shall have at least the following powers:</p> <ul style="list-style-type: none">(i) to report at Shareholders' Meetings on matters falling within its jurisdiction which are raised in the course of such Meetings;(ii) to supervise the efficacy of the Company's internal control, any internal audit, and risk management systems, as well as discuss with the auditors any significant weaknesses of the internal control system detected in the course of the audit;(iii) to supervise the process of preparing and filing regulated financial information;(iv) to propose to the Board of Directors the appointment of auditors for submission to the Shareholders' Meeting;(v) to duly engage with the auditors in order to receive information on any issues that may jeopardize their independence, for their examination by the Committee, and any other



<p>(v) to liaise with the external auditors to receive information on any matters which could jeopardize their independence and any other matters relating to the performance of the audit, as well as other communications provided for in the Audit legislation and in the Audit technical rules;</p> <p>(vi) any other power attributed to the Board, either in general in its Regulations or entrusted to it in particular.</p> <p>3. Any member of the management team or Company personnel who is required for such purpose shall be obliged to attend Committee meetings and must provide assistance and allow access to the information available to him. In order to discharge its functions, the Committee shall have access to the means necessary for its functioning.</p> <p>4. The Board of Directors shall implement the powers and the rules of operation of the Audit Committee either in specific</p>	<p>issues relating to the audit process, as well as other communications provided for in audit legislation and audit standards. In any case, they must receive each year from the auditors written confirmation of their independence from the Company or from entities related to the Company directly or indirectly, as well as information on additional services of any kind provided to such entities by those auditors or by persons or entities related to those auditors in accordance with the provisions of the legislation in force;</p> <p>(vi) before the auditors' report is issued, to issue a report each year expressing an opinion on the independence of the auditors or audit firms. This report must, in any case, make a pronouncement on the provision of the additional services referred to in the preceding letter;</p> <p>(vii) any other power attributed to the Board, either in general in its Regulations or entrusted to it in particular.</p> <p>3. Any member of the management team or Company personnel who is required for such purpose shall be obliged to attend Committee meetings and must provide assistance and allow access to the information available to him. In order to discharge its functions, the Committee shall have access to the means necessary for its functioning.</p> <p>4. The Board of Directors shall expand on the powers and the rules of operation of the Audit Committee either in specific regulations or in special provisions of the Board Regulations.</p>
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regulations or in special provisions of the Board Regulations.	
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- 15) The amendment of Article 24, until now “Appointments and Compensation Committee”, with a view to reflecting the change of name resolved by the Board.

As a result, a proposal is made to amend Article 24 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 24.- Appointments and Compensation Committee</p> <p>1. The Appointments and Compensation Committee shall be formed of a number of Directors to be determined by the Board of Directors, the minimum being three, the majority being External Directors and at least one half of its members being Independent Directors.</p> <p>The Committee Chairman shall be an Independent Director elected from among its members and the Secretary shall be the Secretary of the Board of Directors.</p> <p>2. The Appointments and Compensation Committee shall have the following basic responsibilities, plus those assigned to it at any time by the Board of Directors:</p> <p>a) to report –and propose, in the case of Independent Directors– in advance, on all proposals submitted by the Board of Directors to the Shareholders’ Meeting for the designation or removal of Directors, including in cases of co-optation;</p> <p>b) to propose the compensation policy applicable to Directors and Senior Managers and to ensure its compliance;</p> <p>c) to assume reporting, supervising and proposing functions in such matters of corporate governance as are determined by the Board of Directors, as long as no ad hoc Committee has been set up to discharge those functions.</p>	<p>Article 24.- Corporate Responsibility and Governance Committee</p> <p>1. The Company shall have a Corporate Responsibility and Governance Committee, which shall be formed by a number of Directors to be determined by the Board of Directors, with a minimum of three, the majority being External Directors, and at least one half of its members being Independent Directors.</p> <p>The Committee Chairman shall be an Independent Director elected by its members and the Secretary shall be the Secretary of the Board of Directors.</p> <p>2. The Corporate Responsibility and Governance Committee shall have the following basic responsibilities, plus those assigned to it at any time by the Board of Directors:</p> <p>a) to report on—and, in the case of Independent Directors, make—in advance, all proposals submitted by the Board of Directors to the Shareholders’ Meeting for the appointment or removal of Directors, including in cases of co-optation;</p> <p>b) to propose to the Board of Directors the compensation policy for Directors and senior executives and to ensure its observance;</p> <p>c) to assume such reporting, supervising and proposing functions in the area of corporate governance as may be determined by the Board of Directors, as long as no ad hoc Committee has been set up for those functions.</p> <p>3. The Board of Directors shall expand on the powers and rules of operation of the</p>



3. The Board of Directors shall implement the powers and rules of operation of the Appointments and Compensation Committee either in specific regulations or in special provisions of the Board Regulations.	Corporate Responsibility and Governance Committee either in specific regulations or in special provisions of the Board Regulations.
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- 16) The amendment of Article 29, "Audit", with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC.

As a result, a proposal is made to amend Article 29 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 29.- Audit</p> <p>The auditors shall have at least one month from the time they are given the signed financial statements to present their report.</p> <p>The financial statements and the management report, as well as the consolidated financial statements and management report, if any, must be submitted, where required, to the examination and information of the auditors referred to in Articles 203 et. seq. of the Corporations Law.</p>	<p>Article 29.- Audit</p> <p>The auditors shall have at least one month from the time they are given the signed financial statements to present their report.</p> <p>The financial statements and the management report and, as the case may be, where applicable, the consolidated financial statements and management report, must be submitted, as the case may be, to the examination and information of the auditors referred to in Articles 263 et. seq. of the Corporate Enterprises Law.</p>

- 17) The amendment of Article 32, "Rules and method of liquidation" with a view to:

- a) eliminating the references to structural modifications in the first paragraph, since Law 3/2009 eliminates the concept that such transactions imply the dissolution of the company;
- b) updating the references to Articles of the LSA with the corresponding Articles of the LSC.

As a result, a proposal is made to amend Article 32 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 32.- Rules and method of liquidation</p> <p>After the Company has been dissolved, a liquidation period shall commence, except in cases of merger, total spin-off or any other assignment of the entire assets and liabilities, and all Directors currently holding office and registered at the Mercantile Registry shall become de iuris liquidators and, when liquidating and distributing the Company's assets, must comply with the rules stipulated in the legislation in force. In any case, this</p>	<p>Article 32.- Rules and method of liquidation</p> <p>After the Company has been dissolved, a liquidation period shall commence, and all Directors currently appointed and registered at the Mercantile Registry shall become de iure liquidators and must comply with the rules stipulated in the legislation in force when liquidating and distributing the Company's assets. In any case, this appointment as liquidators shall put an end to the powers of the Board of Directors of the Company.</p>



<p>appointment as liquidators shall put an end to the powers of the Board of Directors of the Company.</p> <p>When it resolves to dissolve the Company, the Shareholders' Meeting may designate persons to carry out, with the Directors, all transactions which are to be carried out. In any case, the number of liquidators must at all times be uneven.</p> <p>The Company's liquidation must comply with the provisions of Articles 266 et. seq. of the Corporations Law.</p> <p>The Shareholders' Meeting shall retain, during the liquidation period, the same powers that it had during the normal life of the Company and, especially, shall have the power to approve the financial statements and the final liquidation balance sheet. The Shareholders' meeting shall continue to hold annual meetings and all such special meetings as may be appropriate or necessary to call, pursuant to the legislation in force.</p> <p>Following liquidation, the liquidators shall draw up the final balance sheet, which shall be reviewed by the receivers, if receivers have been appointed. They shall also determine the ratio of corporate assets which are to be distributed per share.</p> <p>This balance sheet shall be submitted to the Shareholders' Meeting for approval and shall be published pursuant to the legislation in force at any given time.</p> <p>If, after the deadline for challenging the balance sheet, no claims have been filed against it, or after the judgment resolving any claims has been made final, the existing corporate assets shall be distributed among the shareholders, having regard to the balance sheet and in accordance with the legislation in force.</p>	<p>When it resolves to dissolve the Company, the Shareholders' Meeting may designate persons to participate, with the Directors, in any transactions performed. In any case, there must at all times be an odd number of liquidators.</p> <p>The Company's liquidation must comply with the provisions of Articles 371 et. seq. of the Corporate Enterprises Law.</p> <p>The Shareholders' Meeting shall retain, during the liquidation period, the same powers as it had during the normal life of the Company and, especially, shall have the power to approve the financial statements and the final liquidation balance sheet. The Shareholders' Meeting shall also continue to hold annual meetings and all such special meetings as may be appropriate or necessary to call, pursuant to the legislation in force.</p> <p>Following liquidation, the liquidators shall draw up the final balance sheet, which shall be reviewed by the receivers, if any have been appointed. They shall also determine the ratio of corporate assets which are to be distributed per share.</p> <p>This balance sheet shall be submitted to the Shareholders' Meeting for approval and shall be published pursuant to the legislation from time to time in force.</p> <p>If, after the deadline for challenging the balance sheet, no claims have been made against it, or after any judgment resolving the claims has been made final, the existing corporate assets shall be distributed among the shareholders, having regard to the balance sheet and in accordance with the legislation in force.</p>
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- 18) The amendment of Article 33, "Scope of these Bylaws", with a view to updating the references to the LSA with references to the LSC.

As a result, a proposal is made to amend Article 33 of the Corporate Bylaws, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
Article 33.- Scope of these Bylaws	Article 33.- Scope of these Bylaws



These Bylaws regulate the relationship among shareholders and the relationship between the shareholders and the Company exclusively in the corporate scope regulated by the Spanish Corporations Law, the Spanish Securities Market Law and the Spanish Commercial Code, but in no way regulate any contractual or other relationships existing among the shareholders themselves or between the shareholders and the Company.	These Bylaws regulate the relationship among the shareholders and the relationship between the shareholders and the Company exclusively in the corporate scope regulated by the Corporate Enterprises Law, the Securities Market Law and the Commercial Code, but in no way do they regulate any contractual or other relationships existing among the shareholders themselves or between the shareholders and the Company.
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With a view to expediting voting at the Shareholders' Meeting and bearing in mind the nature of the proposed amendments, a proposal is made to group the proposed amendments into two blocks for their submission to and voting by the Shareholders' Meeting. The first block contains amendments that have the sole purpose of bringing the Corporate Bylaws into line with the most recent legislative reforms from a technical and terminological standpoint, notwithstanding any other minor amendments of form or style to make the wording more precise. The second block consists solely of the amendment to the article concerning calls for Shareholders' Meetings, since it is the only amendment proposed that goes beyond corresponding adaptation as with the other block of amendments by taking advantage of the flexibility offered by the new Corporate Enterprises Law as regards the venue for holding Shareholders' Meetings.

4. APPROVAL OF THE REPORT

In light of all of the foregoing, and pursuant to the provisions of Article 286 of the Corporate Enterprises Law and Article 158 of the Mercantile Registry Regulations, the Board of Directors issues this Report on the amendments to the Corporate Bylaws.

In Madrid, on February 24, 2011.



II. PROPOSED AMENDMENTS.

PROPOSED RESOLUTIONS FOR THE AMENDMENT OF THE CORPORATE BYLAWS TO UPDATE THEIR PROVISIONS AS A RESULT OF CERTAIN LEGISLATIVE REFORMS RELATING TO CORPORATIONS: (ITEMS 6.1 AND 6.2 ON THE AGENDA FOR THE ANNUAL SHAREHOLDERS' MEETING)

It is resolved to propose to the Shareholders' Meeting the amendment of the Company's Bylaws as set forth in the report prepared by the Directors in accordance with Article 286 of the Corporate Enterprises Law and Article 158 of the Mercantile Registry Regulations, to be separately voted on in each block, as set out below:

One. Amendments of adaptation to the latest legislative reforms and other formal or stylistic amendments to make the wording of the Corporate Bylaws more precise:

- A. To amend Article 1 ("Name and legal regime") as follows:

"Article 1. Name and legal regime

The Company is called "RED ELÉCTRICA CORPORACIÓN, S.A." and shall be governed by these Bylaws, by the Corporate Enterprises Law, the Commercial Code, the Securities Market Law and other applicable legislation."

- B. To amend Article 6 ("Accounting record of shares") as follows:

"Article 6.- Accounting record of shares

1. The shares are represented by book entries and are traded on the Spanish stock market, in the Unified Computerized Trading System. They shall be governed by the legislation regulating the securities market and other statutory provisions in force. Their admission to trading on other stock markets of foreign securities or other organized secondary markets may be requested.

Pursuant to Article 118.2 of the Corporate Enterprises Law, notwithstanding representation by book entries, the Company is subject to the rules on the obligatory registering of its shares imposed by the legislation in force.

The Company shall only acknowledge as a shareholder, to all effects and purposes including attendance and voting at Shareholders' Meetings, whoever is lawfully recorded in the entries made in the related accounting records, which shall include a note of the creation of rights in rem over the shares. Where shares have not been fully paid in, this circumstance shall be recorded in the related accounting entry.

2. The Company shall not acknowledge the exercise of non-economic rights relating to shares or other securities or rights in the Company owned or held by any individual or legal entity in excess of the limits on maximum ownership of shares or securities in the Company imposed from time to time by the legislation in force."

- C. To amend Article 7 ("**Rights attaching to shares**") as follows:

"Article 7.- Rights attaching to shares



Each share confers the status of shareholder on its lawful owner and grants it the rights stipulated in the Corporate Enterprises Law and in these Bylaws and, in particular, the right to a share in the corporate income and in the liquidation dividend, the preemptive right to subscribe the issue of new shares or convertible debentures, the right to attend and vote at Shareholders' Meetings, the right to object to corporate resolutions and the right to information pursuant to the Law and to these Bylaws and their implementing provisions.

The Company must afford equal treatment to shareholders who are on an identical footing.

Shares are indivisible. Cases of joint ownership, usufruct and pledge of shares and other cases of joint title shall be subject to the Law, to the instrument whereby they are created and to these Bylaws."

D. To amend Article 8 ("Increase and reduction of capital stock") as follows:

"Article 8.- Increase and reduction of capital stock

Capital stock may be increased and reduced by resolution of the Shareholders' Meeting, lawfully called for such purpose, pursuant to the Law and to these Bylaws.

The Shareholders' Meeting, after meeting the requirements stipulated for the amendment of the Bylaws, may delegate to the Board of Directors:

a) after resolving to increase capital by a certain amount, the following powers:

- 1. to implement said resolution within not more than one year, except in the case of converting debentures into shares;*
- 2. to indicate the date on which the increase, by the resolved amount, is to take place;*
- 3. to indicate the dates of commencement and termination of the subscription period;*
- 4. to issue the shares representing the increase;*
- 5. to report the amounts subscribed in the capital increase;*
- 6. to demand payment and disbursement of calls on unpaid capital;*
- 7. to amend Article 5 of the Corporate Bylaws, on capital stock, recording the new figure following the increase, in accordance with the amounts actually subscribed; and*
- 8. in general, to stipulate the terms of the capital increase where not provided for in the resolution of the Shareholders' Meeting;*

b) the power to resolve to increase capital stock one or more times up to a specific figure on the occasion and by the amount which the Board of Directors decides, without first consulting the Shareholders' Meeting. Such increases can in no case be greater than one half of the Company's capital stock upon authorization and



must be made with cash contributions within not more than five years from the date of the resolution by the Shareholders' Meeting.

In such case, the Board of Directors shall also be empowered to reword the Articles of the Corporate Bylaws relating to capital stock, after the increase has been resolved and carried out."

E. To amend Article 11 ("Shareholders' Meeting") as follows:

"Article 11.- Shareholders' Meeting

Shareholders, met together in a Shareholders' Meeting which has been duly called, shall decide by majority on the matters within the powers of the Shareholders' Meeting or on those which are submitted by the Board of Directors, notwithstanding the fact that the Shareholders' Meeting cannot usurp or assume powers which are under the exclusive jurisdiction of the Board of Directors.

In accordance with the Corporate Enterprises Law, the Shareholders' Meeting has power to deliberate and resolve on the following matters:

- j) The approval of the financial statements, the distribution of income or allocation of loss, and approval of the conduct of management of the Company.*
- k) The appointment and removal of Directors, liquidators and, as the case may be, auditors, as well as the filing of a corporate action for liability against any of them.*
- l) The amendment of the Corporate Bylaws.*
- m) Capital increases and reductions.*
- n) The removal or limitation of the preemptive right of subscription or assumption.*
- o) An alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, and transfer abroad of the registered office.*
- p) The dissolution of the Company.*
- q) The approval of the final liquidation balance sheet.*
- r) Any other matters determined by the law or the Corporate Bylaws.*

In particular, the Shareholders' Meeting shall have the power to approve transactions the effect of which is equivalent to that of the modification of the corporate purpose or to the liquidation of the Company.

All shareholders, including dissenting and absent shareholders, shall be subject to the resolutions of the Shareholders' Meeting notwithstanding the statutory rights and remedies acknowledged to them.

The Shareholders' Meeting shall be governed by the applicable legislation, by these Bylaws and by its Regulations."



- F. To amend Article 12 (“Types of Shareholders’ Meetings”) as follows:

“Article 12.- Types of Shareholders’ Meetings

Shareholders Meetings may be Annual or Special and must be called by the Company’s Board of Directors.

The Annual Shareholders’ Meeting must be held, following the relevant call, within the first six months of each fiscal year, with a view to ratifying the conduct of management of the Company, approving, if appropriate, the financial statements and the management report for the previous fiscal year and resolving, as the case may be, on the distribution of income or allocation of loss.

Any other matter reserved by law or in the Bylaws to the authority of the Shareholders’ Meeting may be decided at an Annual or Special Meeting.

The Annual Shareholders’ Meeting shall be valid even where called or held late.

A Special Shareholders’ Meeting shall be held whenever so resolved by the Board of Directors or when requested by a number of shareholders representing at least five percent of the capital stock, stating in their request the business to be transacted at the Meeting. In such case, the Shareholders’ Meeting must be called to be held within the month following the date on which the Board of Directors was asked, by way of a notary, to call the Meeting, and the Meeting agenda must state the matters so requested.”

- G. To amend Article 14 (“Quorum”) as follows:

“Article 14.- Quorum

Annual and Special Shareholders’ Meetings shall be called and validly convened pursuant to the Law.

In order for an Annual or Special Shareholders’ Meeting to be able to validly adopt a resolution for a capital increase or reduction or any other amendment of the Corporate Bylaws, the issue of debentures, the removal or limitation of the preemptive right of acquisition of new shares, or an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, or the transfer abroad of the registered office, shareholders holding at least 50 percent of the subscribed voting capital stock must attend in person or by proxy on first call. On second call, the attendance of 25 percent of said subscribed voting capital stock shall be sufficient.

Shareholders entitled to attend and vote and who cast their votes remotely, as provided for in Article 17 of these Bylaws, must be counted as present for the purposes of convening the Shareholders’ Meeting.

Non-voting shares and those whose holders are not up to date in the payment of calls on unpaid capital shall not be counted as present at any Shareholders’ Meeting.

Shares or other securities the non-economic rights of which exceed the limits recognized in Article 5 shall not be taken into account when calculating the quorum required to convene the relevant Shareholders’ Meetings or when calculating the majorities for adoption of resolutions.”



- H. To amend Article 15 (“**Right to information and attendance of Shareholders’ Meetings**”) as follows:

“Article 15.- Right to information and attendance at Shareholders’ Meetings

Shareholders may attend the Shareholders’ Meeting if they are up to date in the payment of calls on unpaid capital and evidence their ownership by way of certification of the registration of their name in the accounting record of book entries at least five days before the date on which the Shareholders’ Meeting is to be held. Shareholders shall ask the entity in charge of the accounting record of book entries for the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company’s securities, in order to obtain, where necessary, the appropriate attendance card from the Company.

Shareholders who are entitled to attend may be represented at the Shareholders’ Meeting by another shareholder who is entitled to attend, in the manner established by Articles 184 through 187 of the Corporate Enterprises Law, in relation, in any case, to the provisions of these Bylaws. Proxies must be conferred in writing and specifically for each Meeting. Directors must attend Shareholders’ Meetings.

Proxies may be granted by means of postal or electronic correspondence or by any other means of remote communication, provided that the identity of the individual granting the proxy is duly guaranteed, pursuant to the provisions of the applicable legislation and subject, if appropriate, to the provisions of Article 17 bis of these Corporate Bylaws on the casting of votes by the aforesaid means, insofar as this is not incompatible with the nature of the proxy granted.

Where the Directors of the Company, or another acting for the account or in the interests of any of them, have made a public proxy solicitation, the Director obtaining it shall not exercise the right to vote attaching to the shares represented on those items on the agenda in respect of which he has a conflict of interest as provided in Article 514 of the Corporate Enterprises Law.

Personal attendance at the Shareholders’ Meeting by the shareholder represented shall be deemed to revoke the proxy granted.

Shareholders may request such reports or explanations as they deem necessary concerning the items of interest to them, in the manner stipulated by the applicable laws, and shall receive information via the Company website as stipulated by the Law, these Bylaws and the rules on corporate governance.

From the date of publication of the call notice for the Shareholders’ Meeting until the seventh day prior to the date set for holding the Meeting on first call, shareholders may request in writing such information or clarifications as they deem necessary or pose in writing such questions as they deem relevant concerning the items on the agenda. During the same prior period and in the same manner, shareholders may request information, clarifications or pose questions in writing concerning publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders’ Meeting was held.

Directors must furnish the information in writing up to the date of holding the Shareholders’ Meeting.



While the Shareholders' Meeting is being held, Company shareholders may orally request such information or clarifications as they deem appropriate concerning the items on the agenda and, if this shareholders' right cannot be satisfied at that time, the Directors must provide that information in writing within seven days after the end of the Meeting.

Directors must provide the information requested pursuant to the foregoing two paragraphs except in cases in which, in the Chairman's opinion, the public disclosure of the information requested could harm the interests of the Company. Information may not be refused where the request is supported by shareholders who represent at least one fourth of the capital stock.

Except in cases of proxies following public solicitation, which shall be subject to the statutory provisions in force in each case, no person may accumulate proxies which, together with his own votes, confer on him voting rights exceeding three percent of the capital stock."

- I. To amend Article 17 ("Presiding Panel, deliberations") as follows:

"Article 17.- Presiding Panel, deliberations

The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in his absence, if there are Deputy Chairmen, by the relevant Deputy Chairman according to rank or to seniority in the office, if no rank has been established, and, in their absence, by the person designated by the Board of Directors and, in the absence of such designation, by such Director or shareholder as is freely designated by the shareholders in attendance, for each Shareholders' Meeting.

The Secretary or Deputy Secretary, if any, of the Board of Directors shall act as Secretary of the Shareholders' Meeting. In the absence of both, such Director or shareholder as is freely designated by the shareholders in attendance, for each Shareholders' Meeting, shall act as Meeting Secretary.

The Chairman is responsible for directing and establishing the order of deliberations and speeches; for deciding on the form of voting on resolutions; for resolving any doubts, clarifications or complaints which are raised in relation to the agenda, the list of attendees, ownership of shares, delegations of authority or proxies, the requirements for the valid convening of, and adoption of resolutions by, the Shareholders' Meeting, or regarding the Bylaw limit on the right to vote; and for granting the floor to any shareholders requesting it, withdrawing it or refusing it and ending debates when he considers the matter being debated to have been sufficiently discussed.

Each share confers the right to one vote. Resolutions shall be adopted by a majority of the votes, unless the Law requires a greater majority.

No person, by virtue of his own right or of a proxy, may exercise voting rights which exceed the shareholding limits stipulated in Article 5 of these Bylaws, with the exception of the provisions on public proxy solicitations set forth in the last paragraph of Article 15 above.

The statutory limit on shareholding in the Company shall also apply to the maximum number of votes that may be cast, collectively or separately, by two or more



shareholders, one of whom owns indirect holdings in the capital stock of the Company (as defined in Article 5).

The limitations on voting rights stipulated by the Law and in these Bylaws shall operate with respect to all matters submitted to a vote at a Shareholders' Meeting, including the right to proportional representation referred to in Article 243 of the Corporate Enterprises Law, but shall not prevent the shares to which said right applies from being counted as voting capital stock in attendance for the purpose of calculating the necessary quorums for convening Shareholders' Meetings."

- J. To amend Article 18 ("Minutes") as follows:

"Article 18.- Minutes

The Secretary shall draw up minutes of each meeting, which shall record the resolutions adopted by the Shareholders' Meeting. Minutes of Shareholders' Meetings must be approved by the Shareholders' Meeting itself immediately after it has been held or, otherwise, within fifteen (15) days, by the Chairman of the Shareholders' Meeting and two tellers, one representing the majority and the other representing the minority.

Minutes shall be entered in the Company's Minutes Book kept in any form permitted by the Law. Minutes, following approval, shall be signed by the Meeting Secretary and countersigned by the person acting as Meeting Chairman. Corporate resolutions may be implemented as from the date of approval of the minutes recording them.

The presence of a notary pursuant to Article 203 of the Corporate Enterprises Law and the Regulations of the Shareholders' Meeting shall mean that the minutes of the notary shall be regarded as the minutes of the Shareholders' Meeting and not be subject to the formality of approval, and the resolutions recorded in them may be implemented as from the date of their completion."

- K. To amend Article 20 ("Board of Directors") as follows:

"Article 20.- Board of Directors

The Board of Directors shall be formed by at least nine (9) and not more than thirteen (13) members, who shall be designated by the Shareholders' Meeting. The Shareholders' Meeting shall set the final number of Directors within the aforesaid maximum and minimum limits.

When selecting the Directors, regard shall be had to the Company's capital composition and structure. It shall be sought to have External Directors (Independent and Nominee) represent a broad majority. In any case, the Board shall be composed in such a way as to ensure that the capital stock is most suitably represented.

The Directors appointed shall hold office for four years and may be reappointed indefinitely, notwithstanding the power of the Shareholders' Meeting to remove them at any time.

Directors need not be Company shareholders or members, except in the case stipulated in Article 244 of the Corporate Enterprises Law. Both individuals and legal entities may be appointed as Directors.



Directors shall be elected in observance of Article 243 of the Corporate Enterprises Law and supplemental provisions.

Persons who, pursuant to the Law, are incompatible cannot be Directors.

The compensation of the Board of Directors shall consist of a fixed monthly fee for the attendance of Board meetings and a share in the Company's income. Overall annual compensation for the entire Board and for the foregoing items shall be equal to 1.5% of the Company's net income, approved by the Shareholders' Meeting. The foregoing compensation is, in all cases, a maximum figure and the Board itself shall be in charge of allocating its amount among the aforesaid items and among the Directors in such manner, at such time and in such proportion as it freely determines. Pursuant to Article 218.2 of the Corporate Enterprises Law, compensation in the form of a share in income may only be received by Directors after the provisions to the legal and bylaw reserves have been covered and the shareholders have been recognized a dividend of not less than 4%.

Compensation consisting of the award of shares or stock options or compensation linked to share value shall require a resolution of the Shareholders' Meeting, which must state the number of shares to be awarded, the price for exercising the options, the share value taken as a reference and the term of this compensation system.

The compensation stipulated in this Article shall be compatible with and independent of salaries, wages, severance pay, pensions or compensation of any kind established generally or individually for members of the Board of Directors who hold an ordinary or special senior management employment relationship or an independent professional relationship with the Company, which relationships shall be compatible with the status of member of the Board of Directors.

The members of the Board of Directors shall discharge their office and their functions with the diligence of an organized businessman and loyal representative, and must at all times be faithful and loyal to the Company's interests and comply with the duty of secrecy pursuant to the Law and to these Bylaws."

- L. To amend Article 22 ("Board Committees and delegation of powers") as follows:

"Article 22.- Board Committees and delegation of powers

The Board shall approve its internal Regulations with the basic rules on its organization and operation, the rules of conduct of its members and its system of supervision and control, with a view to attaining the optimum professionalism and efficiency in its work, promoting the active participation of all its members, subordinating its own interests to those of the Company and of its shareholders, in compliance with the Law, the Bylaws and the principles of good corporate governance.

The Board shall act in plenum or in committees which may be set up on a permanent basis or for a specific matter, with delegated and executive powers, or powers to research, advise or propose. Pursuant to the Law and to these Bylaws, there must be an Audit Committee and a Corporate Responsibility and Governance Committee, notwithstanding any other name they may be ascribed by the Board of Directors from time to time, with the functions indicated in the following Articles. Additionally the Board shall set up, having regard to the recommendations on corporate governance



from time to time in force, such other committees as it deems suitable to the Company's optimum organization and operation.

The Committees shall keep the Board of Directors informed of their work at all times.

Notwithstanding such powers of attorney as may be conferred on any person, the Board of Directors may designate an Executive Committee, which shall be composed of such Directors as may be resolved by the Board and on which the Secretary of the Board shall act as Secretary, and one or more Managing Directors.

The setting up of the Executive Committee, the designation of the Directors who are to sit on it, the designation of Managing Director(s) and the permanent delegation of powers, if any, shall require the affirmative vote of two thirds of the members of the Company's Board of Directors to be valid. Notwithstanding delegation, the Board of Directors shall retain the powers delegated."

M. To amend Article 23 ("Audit Committee") as follows:

"Article 23.- Audit Committee

1. The Company shall have an Audit Committee composed of a number of members to be determined by the Board of Directors, with a minimum of three, from among the External Directors and at least one Independent Director designated taking into account his knowledge of and experience in accounting and/or audit from among its members. The Chairman shall be an Independent Director designated from among its members. The Secretary of the Board of Directors shall act as Secretary.

The Committee shall support the Board of Directors in supervising economic and financial processes and the independence of the External Auditor, and in the internal control of the Company.

2. The Audit Committee shall have at least the following powers:

- (i) to report at Shareholders' Meetings on matters falling within its jurisdiction which are raised in the course of such Meetings;*
- (ii) to supervise the efficacy of the Company's internal control, any internal audit, and risk management systems, as well as discuss with the auditors any significant weaknesses of the internal control system detected in the course of the audit;*
- (iii) to supervise the process of preparing and filing regulated financial information;*
- (iv) to propose to the Board of Directors the appointment of auditors for submission to the Shareholders' Meeting;*
- (v) To duly engage with the auditors in order to receive information on any issues that may jeopardize their independence, for their examination by the Committee, and any other issues relating to the audit process, as well as other communications provided for in audit legislation and audit standards. In any case, they must receive each year from the auditors written confirmation of their independence from the Company or from entities related to the Company directly or indirectly, as well as information on additional services of any kind provided to*



such entities by those auditors or by persons or entities related to those auditors in accordance with the provisions of the legislation in force;

- (vi) before the auditors' report is issued, to issue a report each year expressing an opinion on the independence of the auditors or audit firms. This report must, in any case, make a pronouncement on the provision of the additional services referred to in the preceding letter;*
- (vii) any other power attributed to the Board, either in general in its Regulations or entrusted to it in particular.*

- 3. Any member of the management team or Company personnel who is required for such purpose shall be obliged to attend Committee meetings and must provide assistance and allow access to the information available to him. In order to discharge its functions, the Committee shall have access to the means necessary for its functioning.*
- 4. The Board of Directors shall expand on the powers and the rules of operation of the Audit Committee either in specific regulations or in special provisions of the Board Regulations."*

N. To amend Article 24 ("Appointments and Compensation Committee") as follows:

"Article 24.- Corporate Responsibility and Governance Committee

- 1. The Company shall have a Corporate Responsibility and Governance Committee, which shall be formed by a number of Directors to be determined by the Board of Directors, with a minimum of three, the majority being External Directors, and at least one half of its members being Independent Directors.*

The Committee Chairman shall be an Independent Director elected by its members and the Secretary shall be the Secretary of the Board of Directors.

- 2. The Corporate Responsibility and Governance Committee shall have the following basic responsibilities, plus those assigned to it at any time by the Board of Directors:*
 - a) to report on—and, in the case of Independent Directors, make—in advance, all proposals submitted by the Board of Directors to the Shareholders' Meeting for the appointment or removal of Directors, including in cases of co-optation;*
 - b) to propose to the Board of Directors the compensation policy for Directors and senior executives and to ensure its observance;*
 - c) to assume such reporting, supervising and proposing functions in the area of corporate governance as may be determined by the Board of Directors, as long as no ad hoc Committee has been set up for those functions.*
- 3. The Board of Directors shall expand on the powers and rules of operation of the Corporate Responsibility and Governance Committee either in specific regulations or in special provisions of the Board Regulations."*

Ñ. To amend Article 29 ("Audit") as follows:



“Article 29.- Audit

The auditors shall have at least one month from the time they are given the signed financial statements to present their report.

The financial statements and the management report and, as the case may be, where applicable, the consolidated financial statements and management report, must be submitted, as the case may be, to the examination and information of the auditors referred to in Articles 263 et. seq. of the Corporate Enterprises Law.”

- O. To amend Article 32 (“Rules and method of liquidation”) as follows:

“Article 32.- Rules and method of liquidation

After the Company has been dissolved, a liquidation period shall commence, and all Directors currently appointed and registered at the Mercantile Registry shall become de iure liquidators and must comply with the rules stipulated in the legislation in force when liquidating and distributing the Company’s assets. In any case, this appointment as liquidators shall put an end to the powers of the Board of Directors of the Company.

When it resolves to dissolve the Company, the Shareholders’ Meeting may designate persons to participate, with the Directors, in any transactions performed. In any case, there must at all times be an odd number of liquidators.

The Company’s liquidation must comply with the provisions of Articles 371 et. seq. of the Corporate Enterprises Law.

The Shareholders’ Meeting shall retain, during the liquidation period, the same powers as it had during the normal life of the Company and, especially, shall have the power to approve the financial statements and the final liquidation balance sheet. The Shareholders’ Meeting shall also continue to hold annual meetings and all such special meetings as may be appropriate or necessary to call, pursuant to the legislation in force.

Following liquidation, the liquidators shall draw up the final balance sheet, which shall be reviewed by the receivers, if any have been appointed. They shall also determine the ratio of corporate assets which are to be distributed per share.

This balance sheet shall be submitted to the Shareholders’ Meeting for approval and shall be published pursuant to the legislation from time to time in force.

If, after the deadline for challenging the balance sheet, no claims have been made against it, or after any judgment resolving the claims has been made final, the existing corporate assets shall be distributed among the shareholders, having regard to the balance sheet and in accordance with the legislation in force.”

- P. To amend Article 33 (“Scope of these Bylaws”) as follows:

“Article 33.- Scope of these Bylaws

These Bylaws regulate the relationship among the shareholders and the relationship between the shareholders and the Company exclusively in the corporate scope regulated by the Corporate Enterprises Law, the Securities Market Law and the



Commercial Code, but in no way do they regulate any contractual or other relationships existing among the shareholders themselves or between the shareholders and the Company.”

Two. Amendment of the Bylaws not only to adapt them to the latest legislative reforms, but also to add flexibility to the venue for holding Shareholders’ Meetings:

To amend Article 13 (“Call to the Shareholders’ Meeting”) as follows:

“Article 13.- Calls for Shareholders’ Meetings

Both Annual and Special Shareholders’ Meetings must be called by means of a notice published in the Official Gazette of the Mercantile Registry and on the Company website or, if no such website exists, in one of the largest circulation newspapers in the province where the registered office is situated, at least one month prior to the date set for holding the Meeting. The call notice shall indicate the name of the Company, date and timing of the Meeting on first call, and the agenda with all the business to be transacted thereat. The date on which, if appropriate, the Meeting is to be held on second call may also be stated. A minimum period of 24 hours must elapse between the two Meetings.

Shareholders owning five percent of the capital stock may ask the Board of Directors, within the period between the Company’s last Shareholders’ Meeting and the date on which the Board resolves to call the next Meeting, to include any item on the agenda for the next Shareholders’ Meeting. Said request must be made in the manner and on the terms stipulated in the Regulations of the Shareholders’ Meeting. The Board shall include on the agenda the items requested in the manner which best suits the interests of the Company, provided that they relate to matters which are within the powers of the Shareholders’ Meeting.

The call notice must state the right of shareholders to examine at the registered office and to obtain immediately free of charge the documents that are to be submitted to the approval of the Shareholders’ Meeting, and the technical reports established in the Law. Should the Shareholders’ Meeting have to decide on any amendment to the Bylaws, the call notice must state, with due clarity, the points which are to be amended.

Shareholders representing at least five percent of the capital stock may request the publication of a supplement to the call notice for a Shareholders’ Meeting, including one or more items on the agenda. This right must be exercised by giving duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.

The supplement to the call notice must be published at least fifteen days prior to the date set for holding the Shareholders’ Meeting.

Failure to publish the supplement to the call notice by the statutory deadline shall be a ground for rendering the Shareholders’ Meeting void.

Shareholders’ Meetings shall be held in Spain at such venue as may be decided in each case by the Board of Directors, and as shall be duly indicated in the call notice.”