

**REPORT OF THE BOARD OF DIRECTORS OF PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. IN RELATION TO THE PROPOSED MODIFICATION OF THE BYLAWS REFERRED TO IN THE SIXTH POINT OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 28 APRIL 2015, IN FIRST CALL, AND FOR 29 APRIL 2015, IN THE SECOND CALL**

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The Board of Directors of Prosegur Compañía de Seguridad, S.A. (the “**Company**”) issues this report in order to justify the proposed modification of the Regulations of the General Shareholders' Meeting of the Company, which is submitted to its approval under the sixth point of its agenda. To all opportune effects, this report equally includes the whole text of the proposed changes.

**1. JUSTIFICATION OF THE MODIFICATION PROPOSAL**

The modifications proposed by the Board of Directors to the Regulations of the General Shareholders' Meeting are intended to adapt to the latest legislative developments concerning capital companies and quoted joint stock companies, and specifically to Law 31/2014, of 3 December, concerning the partial reformation of the Corporations Act for better corporate government (“**Law 31/2014**”), in addition to gathering and developing all developments made in the Company Bylaws as a consequence of the changes to all articles which the General Shareholders' Meeting might approve under the fifth point of its agenda, in the Regulations of the General Shareholders' Meeting.

The proposed modifications seek to reflect the legislative changes that strengthen the position of the shareholders and which were approved at the last General Shareholders' Meeting. This reformation of the Regulations of the General Shareholders Meeting also complements the reformation of the Company Bylaws proposed under the fifth point of the agenda.

In particular, in article 2, which regulates the competences of the General Meeting, its content is adapted to law and includes the competencies attributed by the Corporations Act, including the new competencies contemplated by Law 31/2014: the approval of the director remuneration policy; the transfer of activities essentially developed by the Company up to now to subsidiaries; and the purchase, sell-off or contribution of essential assets to another company.

In articles 6 and 7, in addition to technical modifications, the minimum percentage of five percent requirable for the exercise of the right to call the General Meeting, to contemplate the agenda and to present proposals for agreement is reduced in line with the modifications made by Law 31/2014.

Articles 8, 9 and 20 contemplate the regulation of the shareholder's right to information in the light of the changes made by Law 31/2014, insofar as the information must be

made available to the shareholders for each specific case, the listing of the particular cases in which the Board of Directors is not obliged to provide information, and the mandatory inclusion of requests and answers given in writing on the Company's web site.

With respect to article 10, the number of shares required to attend the General Shareholders' Meeting is reduced in accordance with the change brought by Law 31/2014.

The Board of Directors believes that it is expedient to expressly provide for the possibility that the Chairman of the General Shareholders' Meeting might entrust the faculties of organising the development of the meeting and directing the discussion of the General Meeting to any director it should see fit or to the Secretary of the General Shareholders' Meeting. In this sense, article 15 is modified for the effects of correcting the crossed reference to article 21.5 of the Company Bylaws.

Article 21 introduced minor technical improvements as well as the regulation introduced by Law 31/2014 referring to separate voting on points of the agenda for the purpose of expressly providing for cases in which this has to be done.

## **2. PROPOSED MODIFICATIONS**

For the above effects, the modification is proposed of article 2 (“*Competence of the General Shareholders' Meeting*”), article 6 (“*Powers and obligation to call - agenda*”), article 7 (“*Publication of meeting notice*”), article 8 (“*Provision of information*”), article 9 (“*Exercising the right to information*”), article 10 (“*Recognition of the right to attend the General Shareholders' Meeting*”), article 15 (“*Presiding Committee of the General Shareholders' Meeting*”), article 20 (“*Shareholders' interventions and right of information at the General Shareholders' Meeting*”) and article 21 (“*Voting*”) of the Regulations of the General Shareholders' Meeting.

There follows the text of said articles, indicating the proposed modifications:

### ***Article 2.- Competencies of the General Shareholders' Meeting***

*The General Shareholders' Meeting, having been duly called and legally convened, shall decide on those matters attributed to it by law or by the Bylaws, in particular the following:*

- 1. Approval of the Annual Financial Statements, the distribution of income and the conduct of business by the Board of Directors.*
- 2. Appointment and removal of the Directors, liquidators and accounts auditors, as well as exercising corporate social responsibility against any of them.*

3. *Amendments to the Corporate Bylaws.*
4. *Increases and reductions in share capital, as well as the granting of powers to the Board of Directors to increase share capital, in which case it may also grant it powers to exclude or limit pre-emptive subscription rights, in the terms provided by law.*
5. *Removal and restriction of pre-emptive subscription rights.*
6. *Transformation, merger or division of the Company or global assignment of assets and liabilities and relocation abroad.*
7. *Dissolution of the Company.*
8. *Approval of the final liquidation balance sheet.*
- ~~9. *Issuance of bonds and granting of powers to the Board of Directors to issue bonds.*~~
- ~~10. *Transformation of the Company into a holding company through "subsidiarisation" or merger into subsidiaries.*~~
9. ~~11.~~ *The acquisition ~~or~~ the sell-off or contribution to another company of essential operative assets, when this involves an effective change to the company purpose. The essential nature of the asset is presumed when the amount of the operation is in excess of twenty-five per cent of the value of the assets appearing on the last approved balance sheet.*
10. ~~12.~~ *Operations whose effect is equivalent to the liquidation of the Company.*
11. *Transfer to subsidiaries of essential activities carried out until then by the Company itself, although it might maintain full domain thereof. The essential nature of the activities and operative assets is presumed when the volume of the operation is in excess of one quarter of the total of the assets on the balance sheet.*
12. *Director remuneration policy.*
13. *Any other matter provided by law or these Bylaws or which the Board of Directors agrees to submit for its approval.*

**Article 6.- Powers and obligation to call - agenda**

1. *Without prejudice to the provisions of the law and the Corporate Bylaws concerning Shareholders' Meetings and legal calling thereof, the Company's Board of Directors is empowered to call General Shareholders' Meetings, whether Ordinary or Extraordinary.*

2. *The Board of Directors must call a General Shareholders' Meeting:*
  - a) *To be held within the first six months of each year to approve the conduct of business by the Board of Directors, to approve, as appropriate, the previous year's Annual Financial Statements, and to decide on the distribution of income.*
  - b) *Whenever a notarised request is submitted by shareholders representing at least ~~five (5)~~three percent of share capital, expressing the matters to be discussed at the Meeting. In this case, the Shareholders' Meeting must be held within the legally established period.*
3. *If the Ordinary General Shareholders' Meeting is not called within the legal period established, it may be called at the request of any shareholder by the mercantile judge corresponding to the catchment area of the Company's registered address.*

*Likewise, if at least ~~five (5)~~three percent of share capital holders having asked for an Extraordinary General Shareholders' Meeting to be called, said Meeting is not called within the legally established period, it may be called, at the behest of those requesting the Meeting, by the mercantile judge corresponding to the catchment area of the Company's registered address.*
4. *Furthermore, the Board of Directors may call an Extraordinary General Shareholders' Meeting whenever it is deemed expedient for the Company's interests.*
5. *The Board of Directors shall prepare the agenda, necessarily including those matters for which the relevant discussion applications have been submitted.*

#### **Article 7.- Publication of Meeting notice**

1. *According to the Company Bylaws, the General Shareholders' Meeting shall be formally convened by the Board of Directors by notice published with the forewarning required by Law. The noticed will be disseminated at least by the following means: (a) The Official Gazette of the Company Register or one of the newspapers of greatest circulation in Spain; (b) the website of the National Securities Market Commission, and; (c) the corporate web site of the Company.*

*The notice shall remain on the Company's website at least until the General Shareholders' Meeting is held.*

~~2. The period of notice of the Meeting shall be counted from (and including) the last day of publication of the notice until (and not including) the day the Meeting is scheduled to be held at first call.~~

~~3.~~ 2. *The meeting notice shall include:*

- a) *The place, date and time of the Meeting at first and, in the event, second call. At least twenty-four hours must elapse between the first and second calls.*
- b) *The agenda, drafted clearly and accurately.*
- c) *The remaining information required by law or the Bylaws for the Meeting to be validly called, in accordance with the matters to be discussed; the notice must indicate such legal provisions as apply with respect to the right to inspecting at the registered offices and immediately and freely obtaining such documents as must be submitted for approval by the General Shareholders' Meeting and the report or reports established by law or the Bylaws.*
- d) *Furthermore, the necessary details shall be included regarding shareholder information services, including telephone numbers, e-mail addresses and opening hours of offices.*

3. ~~4.~~ *All the shareholders representing at least ~~five~~three percent (~~5%~~) of the share capital, may (a) ask for a complement to the call to ordinary General Shareholders' Meeting to be published, including one or more points of the agenda, provided the new points are accompanied by justification or a justified agreement proposal, and (b) present well-founded proposals on matters already included or which have to be included in the agenda of the called General.*

*The exercise of rights referred to in the above paragraph must be made by irrevocable notification to be received at the Company headquarters in the five days following the publication of the call.*

4. ~~5.~~ *In accordance with legal provisions, when a General Shareholders' Meeting is called, an Electronic Shareholder Forum shall be set up on the website. Use of the Electronic Shareholder Forum shall be strictly in line with its legal purpose and the guarantees and operating rules established by the Company, with only those shareholders and shareholder groups that are duly recognised having access. The Board of Directors may develop the above rules, determining the procedure, period and other conditions for running the Electronic Shareholder Forum.*

#### **Article 8.- Provision of information**

*From the publication of the notice, the Company shall make available to shareholders at the registered office and maintain accessible at all times via the Company's website, for the information of shareholders and investors in general, the ~~following~~ information required by Law, and in any case the following:*

- 1. *The full text of the Meeting notice.*

2. *The total number of shares and voting rights on the date of the call, broken down by types of shares, if any.*
3. *The documents and information which, in accordance with the law or the Bylaws, must mandatorily be provided in respect of the matters on the agenda, such as Annual Financial Statements, Management Reports, audit reports, experts' reports, etc.*
4. *The whole text ~~of all of the agreements that the Board of Directors proposes for approval by the General Shareholders Meeting, or, if this does not exist~~of the proposals according to each and every one of the points of the agenda or, in relation to merely informative points, a report from the competent bodies discussing each one of the points of the agenda. Agreements proposed by the shareholders will also be included as they are received.*
5. *In the case of appointment, ratification or re-election of the members of the Board of Directors, the identity, curriculum and category to which each of them belongs and the proposal and reports relative to the appointment and re-election of directors. If it should be a legal entity, the information must include that corresponding to the physical person to be appointed in the permanent exercise of the post.*
6. *~~5-~~Indication of the means and procedures for conferring representation on the General Shareholders' Meeting, including all forms which must be used for represented and distance voting, save when they are sent directly by the Company to each shareholder.*
7. *~~6-~~Information concerning shareholder services and their working hours.*

#### **Article 9.- Exercising the right to information**

1. *Until the ~~seventh~~fifth day before the General Meeting is held, shareholders may request from the Directors such information or clarifications as they consider necessary, or submit such written questions as they deem appropriate regarding the matters on the agenda or the public information that has been provided by the Company to the Spanish Securities Market Commission (CNMV) since the General Shareholders' Meeting immediately before and concerning the auditor's report.*
2. *Information requests must be sent to the Company's shareholders services by registered post to the address featured on the Company's website or delivered personally at that address, indicating the identity of the shareholder making the request and his/her address for the purposes of receiving a reply.*

3. *Information and clarification sought by shareholders in accordance with this Article shall be provided in writing, until the date on which the General Shareholders' Meeting is held.*
4. *Directors are obliged to provide the information requested by shareholders pursuant to the provisions of this Article in the terms provided above, except in the following cases:*
  - a) *When the request fails to meet the requirements on term and scope established by law, the Bylaws and these Regulations.*
  - b) *When, before it is drawn up, the requested information is clearly and directly available for all shareholders on the Company's website under the form of question and answer.*
  - c) ~~*When, according to the Chairperson of the Board of Directors, publishing the requested information would jeopardise the interests of the Company. However, not*~~*When the information is unnecessary for the guard of the shareholders' rights or there should be objective reasons to consider that it might be used for purposes beyond the company or that its notification should damage the Company or the related companies. No* *information may be refused when the request is supported by shareholders representing at least ~~a quarter~~twenty-five percent of the share capital.*
5. *The Board of Directors may jointly and severally empower any of its members, its Secretary and/or its Vice-Secretary or any other legal representative of the Company to respond to shareholders' requests of information on behalf of the Directors.*
6. *All valid requests of information, clarifications or questions made in writing and the answers provided in writing by the directors will be posted on the Company's website.*
7. ~~6.~~*The right to information enshrined in this Article may also be exercised and answered through electronic communications or data transmission media in the terms which, for this purpose, are approved by the Board of Directors so as to guarantee the security of the transmissions and ensure valid recognition and identification of the shareholders.*

*The terms and conditions approved by the Board of Directors of the Company in respect of the right to information regulated in this Article through electronic communications or data transmission media shall be disseminated on the Company's website.*

#### **Article 10.- Recognition of the right to attend the General Shareholders' Meeting**

1. Shareholders holding at least ~~one per~~ one thousand ~~of the share capital shares,~~ provided their shares are entitled to attend General Shareholders' Meetings, provided their shares are registered in the relevant record of book entries at least five days before the date on which the Meeting is held.
2. Shareholders who individually do not fulfil the requirement of the minimum number of shares required to attend and vote at the General Meeting may pool their shares and delegate their representation at the Meeting to a representative who must be a shareholder. The intention to exercise this right of share pooling and the identity of the representative shall be reported to the Board of Directors of the Company at least five days prior to the date of date of the General Shareholders' Meeting; otherwise the above shall be null and void.

*Shareholder pooling must be accredited in a written document signed by all shareholders in the pool, specifically for each Shareholders' Meeting, clearly designating which shareholder from among them shall be their representative.*

3. In order to facilitate attendance to the General Shareholders' Meeting and the exercise of shareholders' rights thereat or the delegation to a representative, the Company, either directly or through participating companies, shall provide shareholders so requesting, from the day after publication of the Meeting notice, with an individually named card for attendance and delegation.
4. Shareholders wishing to attend the General Shareholders' Meeting or confer powers of representation in accordance with the provisions of Article 11 below must request issuance of the relevant attendance and delegation card from the Company, either directly or via authorised companies participating in IBERCLEAR, in accordance with the procedure made public by the Company via its website and also available to shareholders at its registered offices.
5. For the purposes of reliably proving the identity of shareholders or those validly representing them, upon entrance to the venue where the General Shareholders' Meeting, along with presentation of the attendance card attendees may also be asked to provide proof of their identity by showing their national identity card or any other official document generally accepted for this purpose.

*Shareholders that are legal entities shall act through persons sufficiently empowered to legally represent them, and must provide due proof of this by showing the documents conferring said powers of representation.*

#### **Article 15.- Presiding Committee of the General Shareholders' Meeting**

1. The General Shareholders' Meeting shall be chaired by the Chairperson of the Board of Directors and, in his/her absence, by the Vice-Chairperson of the Board. In the case of attendance at the meeting of several Vice-Chairpersons, the Meeting shall be chaired by the Vice-Chairperson heading the order of priority established

under the provisions of Article ~~21.6~~21.5 herein. Otherwise, the Meeting shall be chaired by the shareholder elected by the shareholders attending the meeting.

2. *The Chairperson of the General Shareholders' Meeting shall:*
  - a) *Lead the Meeting discussions in accordance with the agenda.*
  - b) *Establish the order of the deliberations and interventions.*
  - c) *Decide on the manner of voting on resolutions in accordance with the provisions of these Regulations.*
  - d) *Resolve queries, doubts or complaints arising in relation to the agenda, list of attendees, ownership of shares, delegation or representation, requirements for the Meeting to be validly convened, and adoption of resolutions by the Meeting, or with regard to statutory limitations on voting rights.*
  - e) *Grant the floor to shareholders so requesting, and instruct them to yield it when justified, and end debates when he/she considers the subject of debate to have been sufficiently discussed, all in accordance with the provisions of these Regulations.*
  - f) *Indicate when resolutions must be submitted to a vote and announce the results of ballots.*
  - g) *In general, discharge all such powers as are necessary for the orderly conduct of the Meeting, including interpretation of the provisions of these Regulations.*
3. *The Chairperson of the General Shareholders' Meeting shall be assisted by the Secretary. The Secretary of the General Shareholders' Meeting shall be the Secretary of the Board of Directors or, in his/her absence, the Deputy Secretary. Failing that, the Secretary of the General Shareholders' Meeting shall be the person appointed in each case by the shareholders attending the Meeting.*
4. ~~*If the presence of a notary public were required, he will be among the officials of the General Meeting.*~~ *The Chairman of the General Shareholders' Meeting may call on the exercise of faculties relative to the organisation of the development of the meeting and the direction of the discussion on any director who he should see fit or on the Secretary of the General Shareholders' Meeting, who will perform these functions in his name, and he may revoke them at any time.*

**Article 20.- Shareholders' interventions and right of information at the General Shareholders' Meeting**

1. *Once the statements have been made, the Chairperson of the General Shareholders' Meeting shall ask shareholders wishing to take the floor to show the*

*Presiding Committee their attendance cards with a view to organising the order of intervention.*

*Shareholders wishing to have their intervention literally transcribed in the minutes of the General Shareholders' Meeting or attached thereto, must then hand a written and signed copy of it to the Committee or the notary, in for the purpose of cross-checking the written version when the shareholder intervenes.*

2. *The Chairperson of the General Shareholders' Meeting shall grant the floor to those shareholders who have so requested, leading and coordinating the debate, and seeking to follow the established agenda.*

*For this purpose, the Chairperson, based on the given circumstances, may determine the time initially allocated to each intervention, which should be equal and reasonable for all.*

*In this connection, in the exercise of his/her powers to conduct the Meeting in an orderly manner, and without prejudice to other actions, the Chairperson may:*

- a) *Extend the time initially allocated to each shareholder, when deemed appropriate;*
  - b) *Request that persons intervening clarify questions that have not been understood or sufficiently explained during the intervention;*
  - c) *Call intervening shareholders to order and request that they confine their interventions to matters on the agenda and refrain from making improper remarks or exercising their right in an abusive or obstructive manner;*
  - d) *Announce to those intervening that their intervention time is soon to conclude so that they may make due adjustments and, when the time for their intervention has elapsed, or if they persist in conduct described in section c) above, instruct them to yield the floor; and*
  - e) *If the intervention is considered to potentially alter the proper agenda and conduct of the Meeting, the Chairperson may ask the shareholder to leave the venue and, in the event, adopt such measures as are necessary to enforce this request.*
3. *During the order of interventions, the shareholders may verbally ask for all informational clarifications they should see fit concerning the matters of the agenda, the information accessible to the public provided by the Company to the National Securities Market Commission (CNMV) since the previous General Shareholders Meeting and concerning the auditor's report.*
  4. *Furthermore, during the interventions, shareholders may submit proposals for resolutions to be approved at the General Shareholders' Meetings concerning any*

item on the agenda that is not legally required to have been made available to shareholders at the time of notice and regarding all matters in respect of which the General Shareholders' Meeting may deliberate and vote despite not being included on the agenda.

5. Once the interventions are over, the Chairperson of the General Shareholders' Meeting may make such remarks or provide such additional explanations as he/she deems appropriate based on the shareholders' interventions, and other persons authorised by him/her may add to these statements.

The information or explanations requested by intervening shareholders in accordance with the provisions of section 3 above shall be provided by the Chairperson of the Meeting or, at the latter's behest, by another Director, or by the Secretary or Vice-Secretary, or, when deemed necessary, by any employee or expert in the matter present at the Meeting. When it is not possible to provide the information during the Meeting itself, said information shall be provided in writing in the seven days immediately after the Meeting, for which purpose the shareholder shall indicate the address or office to which the information must be sent.

~~The Directors will be obliged to provide the requested information unless in the cases in which, in the opinion of the Chairman, the~~  
this information is unnecessary for the guard of the rights of the shareholder, or there should be objective reasons to consider that it might be used for purposes beyond the company or its publicity of the requested information should damage the company interests. No information may be refused when the request is supported by shareholders representing at least a quarter of the share capital  
damages the Company or the related companies.

6. The Chairperson shall end the debate when in his/her opinion the matter has been sufficiently discussed, and the proposed motions shall be put to a vote in the terms provided in Article 21 below.
7. Notwithstanding the provisions herein, the Chairperson of the Meeting, in exercising his/her duties, may order that the Meeting be conducted in the manner he/she considers most expedient based on the given circumstances, and may therefore modify the stipulations provided herein for this purpose.

#### **Article 21.- Voting**

1. Once the discussions have ended, the Secretary of the General Shareholders' Meeting shall read the proposed resolutions formulated by the Directors. However, the Secretary need not read the text of the proposed resolutions when these have been published on the Company's website since the date of publication of the notice of the General Shareholders' Meeting. When a notary public is present at the General Shareholders' Meeting, the Secretary shall give the notary

*the proposed resolutions so that they may be duly included in the notarised minutes of the meeting.*

2. *The proposed resolutions on matters on the agenda will then be put to a vote.*
3. *Each matter on the agenda shall be put to an individual vote, and those matters that are substantially independent from one another, even though they might appear in the same point of the agenda :*
  - a) the appointment ~~or ratification of directors and changes in the bylaws.~~, the ratification, re-election or removal of each director;*
  - b) in changing the Company Bylaws, that of each article or group of articles with its own independence, and;*
  - c) all matters provided in the Company Bylaws.*

*Notwithstanding the above, when the Chairperson of the General Shareholders' Meeting is aware, when it is time to vote, of the existence of a sufficient number of votes to approve or reject all or part of the proposed resolutions, he/she may declare them to be approved or rejected by the General Shareholders Meeting, without prejudice to such statements as shareholders may wish to make to the Secretary or, in the event, the notary, with respect to their voting intention, for inclusion in the minutes of the meeting.*

4. *The process of adopting resolutions shall be conducted in accordance with the agenda published in the notice. Firstly, proposals in each case formulated by the Board of Directors shall be put to a vote, and subsequently, where applicable, other proposals shall be put to a vote in the order established by the Chairperson of the General Shareholders' Meeting. In any event, once a resolution has been approved all other motions in respect of the same matter that are incompatible with it shall be automatically withdrawn, and it shall not therefore be necessary to hold a vote in their connection.*

*If proposals are submitted with regard to matters on which it is possible to vote without their being included in the agenda, the Chairperson will decide the order in which they are put to a vote.*

5. *Voting in respect of matters included in the agenda shall be conducted with the Chairperson asking shareholders who wish to abstain, cast a blank vote or vote against the motions to express their wish to the Presiding Committee's ancillary staff or, in the event, the notary present at the Meeting, in the manner indicated by the Chairperson of the Meeting.*

*In principle, and without prejudice to other systems for counting and tallying votes being used when the Chairperson of the Meeting deems it expedient or*

necessary, for voting proposed resolutions concerning matters on the agenda all shares present or represented shall be considered as votes in favour, with votes corresponding to shares whose owners or representatives expressly state that they are voting against, issuing a blank vote or abstaining, being deducted from the total.

In voting on motions relating to matters not on the agenda, shareholders will be asked to cast votes in favour, blank votes and abstentions, and the unfavourable votes will be counted by deducting all of the above from the total of votes corresponding to all shares present or represented.

Once a vote has taken place, the Chairperson of the General Shareholders' Meeting will proclaim the result, and, in the event, declare the resolution to be validly adopted.

6. ~~The~~ Save a larger majority should be required in accordance with the Law or the Company Bylaws, the agreements will be taken by ~~vote representing the majority~~ simple majority of the votes of the shareholders present or represented at the General Shareholders' Meeting, an agreement being understood to be taken when it achieved more votes in favour than against of the capital present or represented, ~~unless a larger majority should be required in accordance with the Law or the Company Bylaws.~~
7. Without prejudice to the provisions established for remote attendance at the Meeting, votes cast using remote electronic media shall only be valid if received by the Company at least forty-eight hours prior to the date the Meeting is scheduled to be held at first call. Shareholders voting in this way must be considered when calculating the quorum for validly convening the Meeting as though they were physically present.

In any event, votes cast using remote media shall be null and void: (i) when subsequently expressly revoked using the same media within the period established for casting the votes; (ii) when the shareholder casting the vote actually attends the Meeting; and (iii) due to the sale of shares that confer voting rights when the Company is aware of this fact at least forty-eight hours before the scheduled date of the Shareholders' Meeting at first call.

The Board of Directors shall determine, as well as the recognised electronic signature, the media and procedures for remote electronic communication which, in accordance with the state of technology at any given time, allow voting via data transmission media. In any event the possibility of remote electronic voting at the Company's General Shareholders' Meetings shall not be valid until, given the state of development of the technological media, the Board of Directors so decides. Once this possibility is approved, and the remote electronic media specified, the Board of Directors shall publish said resolutions on the Company's website and shall include them in the notice of the General Shareholders' Meeting

*at which such systems may be used, with said resolutions being added to these Regulations as soon as possible.*

### **3. PROPOSAL OF AGREEMENT TO THE GENERAL SHAREHOLDERS' MEETING**

The resolution proposed to the General Meeting of Shareholders, in relation to item six on the agenda, is literally transcribed below.

**In relation to the sixth point of the agenda: Changes in the Bylaws to adapt them to the reformation of the Corporations Act by Law 31/2014 and to make other technical improvements.**

In order to adapt its content to Law 31/2014 modifying the Corporations Act to improve the corporate government and to introduce other technical improvements, to modify article 2 (“*Competence of the General Shareholders' Meeting*”), article 6 (“*Powers and obligation to call - agenda*”), article 7 (“*Publication of meeting notice*”), article 8 (“*Provision of information*”), article 9 (“*Exercising the right to information*”), article 10 (“*Recognition of the right to attend the General Shareholders' Meeting*”), article 15 (“*Presiding Committee of the General Shareholders' Meeting*”), article 20 (“*Shareholders' interventions and right of information at the General Shareholders' Meeting*”) and article 21 (“*Voting*”) of the Regulations of the General Shareholders' Meeting, which will hereinafter be written as follows:

#### ***“Article 2.- Competencies of the General Shareholders' Meeting***

*The General Shareholders' Meeting, having been duly called and legally convened, shall decide on those matters attributed to it by law or by the Bylaws, in particular the following:*

- 1. Approval of the Annual Financial Statements, the distribution of income and the conduct of business by the Board of Directors.*
- 2. Appointment and removal of the Directors, liquidators and accounts auditors, as well as exercising corporate social responsibility against any of them.*
- 3. Amendments to the Corporate Bylaws.*
- 4. Increases and reductions in share capital, as well as the granting of powers to the Board of Directors to increase share capital, in which case it may also grant it powers to exclude or limit pre-emptive subscription rights, in the terms provided by law.*
- 5. Removal and restriction of pre-emptive subscription rights.*

6. *Transformation, merger or division of the Company or global assignment of assets and liabilities and relocation abroad.*
7. *Dissolution of the Company.*
8. *Approval of the final liquidation balance sheet.*
9. *Acquisition, sell-off or contribution to another company of essential operative assets. The essential nature of the asset is presumed when the amount of the operation is in excess of a quarter of the value of the assets appearing on the last approved balance sheet.*
10. *Operations whose effect is equivalent to the liquidation of the Company.*
11. *Transfer to subsidiaries of essential activities carried out until then by the Company itself, although it might maintain full domain thereof. The essential nature of the activities and operative assets is presumed when the volume of the operation is in excess of twenty-five percent of the assets on the balance sheet.*
12. *Director remuneration policy.*
13. *Any other matter provided by law or these Bylaws or which the Board of Directors agrees to submit for its approval".*

***“Article 6º.- Powers and obligation to call - agenda***

1. *Without prejudice to the provisions of the law and the Corporate Bylaws concerning Shareholders' Meetings and legal calling thereof, the Company's Board of Directors is empowered to call General Shareholders' Meetings, whether Ordinary or Extraordinary.*
2. *The Board of Directors must call a General Shareholders' Meeting:*
  - a) *To be held within the first six months of each year to approve the conduct of business by the Board of Directors, to approve, as appropriate, the previous year's Annual Financial Statements, and to decide on the distribution of income.*
  - b) *Whenever a notarised request is submitted by shareholders representing at least three percent of share capital, expressing the matters to be discussed in the Meeting. In this case, the Shareholders' Meeting must be held within the legally established period.*
3. *If the Ordinary General Shareholders' Meeting is not called within the legal period established, it may be called at the request of any shareholder by the mercantile judge corresponding to the catchment area of the Company's registered address.*

*Likewise, if, at least three percent of share capital holders having asked for an Extraordinary General Shareholders' Meeting to be called, said Meeting is not called within the legally established period, it may be called, at the behest of those requesting the Meeting, by the mercantile judge corresponding to the catchment area of the Company's registered address.*

4. *Furthermore, the Board of Directors may call an Extraordinary General Shareholders' Meeting whenever it is deemed expedient for the Company's interests.*
5. *The Board of Directors shall prepare the agenda, necessarily including those matters for which the relevant discussion applications have been submitted.”*

**“Article 7.- Publication of meeting notice**

1. *According to the Company Bylaws, the General Shareholders' Meeting shall be formally convened by the Board of Directors by notice published with the forewarning required by Law. The noticed will be disseminated at least by the following means: (a) The Official Gazette of the Company Register or one of the newspapers of greatest circulation in Spain; (b) the website of the National Securities Market Commission, and; (c) the corporate web site of the Company.*

*The notice shall remain on the Company's website at least until the General Shareholders' Meeting is held.*

2. *The Meeting notice shall include:*
  - a) *The place, date and time of the Meeting at first and, in the event, second call. At least twenty-four hours must elapse between the first and second calls.*
  - b) *The agenda, drafted clearly and accurately.*
  - c) *The remaining information required by law or the Bylaws for the Meeting to be validly called, in accordance with the matters to be discussed; the notice must indicate such legal provisions as apply with respect to the right to inspecting at the registered offices and immediately and freely obtaining such documents as must be submitted for approval by the General Shareholders' Meeting and the report or reports established by law or the Bylaws.*
  - d) *Furthermore, the necessary details shall be included regarding shareholder information services, including telephone numbers, e-mail addresses and opening hours of offices.*
3. *All shareholders representing at least three percent of the share capital may ask (a) for a complement to the call to ordinary General Shareholders' Meeting to be*

*published, including one or more points of the agenda, provided the new points are accompanied by justification or a justified agreement proposal, and (b) present well-founded proposals on matters already included or which have to be included in the agenda of the called General Shareholders' Meeting.*

*The exercise of rights referred to in the above paragraph must be made by irrevocable notification to be received at the Company headquarters in the five days following the publication of the call.*

4. *In accordance with legal provisions, when a General Shareholders' Meeting is called, an Electronic Shareholder Forum shall be set up on the website. Use of the Electronic Shareholder Forum shall be strictly in line with its legal purpose and the guarantees and operating rules established by the Company, with only those shareholders and shareholder groups that are duly recognised having access. The Board of Directors may develop the above rules, determining the procedure, period and other conditions for running the Electronic Shareholder Forum.”*

#### **“Article 8.- Provision of information**

*From the publication of the notice, the Company shall make available to shareholders at the registered office and maintain accessible at all times via the Company's website, for the information of shareholders and investors in general, the following information:*

1. *The full text of the Meeting notice.*
2. *The total number of shares and voting rights on the date of the call, broken down by types of shares, if any.*
3. *The documents and information which, in accordance with the law or the Bylaws, must necessarily be provided in respect of the matters on the agenda, such as Annual Financial Statements, Management Reports, audit reports, experts' reports, etc.*
4. *The full text of the proposals in accordance with each and every one of the points of the agenda or, in relation to those merely informative points, a report from the competent bodies discussing each of the points of the agenda. Agreements proposed by the shareholders will also be included as they are received.*
5. *In the case of appointment, ratification or re-election of the members of the board of directors, the identity, curriculum and category to which each of them belongs and the proposal and reports relative to the appointment and re-election of directors. If it should be a legal entity, the information must include that corresponding to the physical person to be appointed in the permanent exercise of the post.*

6. *Indication of the means and procedures for conferring representation on the General Shareholders' Meeting, including all forms which must be used for represented and distance voting, save when they are sent directly by the Company to each shareholder.*
7. *Information concerning shareholder services and their working hours.”*

**“Article 9.- Exercising the right to information**

1. *Until the fifth day before the General Meeting is held, shareholders may request from the Directors such information or clarifications as they consider necessary, or submit such written questions as they deem appropriate regarding the matters on the agenda or the public information that has been provided by the Company to the Spanish Securities Market Commission (CNMV) since the previous General Shareholders' Meeting and on the auditor's report.*
2. *Information requests must be sent to the Company's shareholders services by registered post to the address featured on the Company's website or delivered personally at that address, indicating the identity of the shareholder making the request and his/her address for the purposes of receiving a reply.*
3. *Information and clarification sought by shareholders in accordance with this Article shall be provided in writing, until the date on which the General Shareholders' Meeting is held.*
4. *Directors are obliged to provide the information requested by shareholders pursuant to the provisions of this Article in the terms provided above, except in the following cases:*
  - a) *When the request fails to meet the requirements on term and scope established by law, the Bylaws and these Regulations.*
  - b) *When, before it is drawn up, the requested information is clearly and directly available for all shareholders on the Company's website under the form of question and answer.*
  - c) *When the information is unnecessary for the guard of the shareholders' rights or there should be objective reasons to consider that it might be used for purposes beyond the company or that its notification should damage the Company or the related companies. No information may be refused when the request is supported by shareholders representing at least twenty-five percent of the share capital.*
5. *The Board of Directors may jointly and severally empower any of its members, its Secretary and/or its Vice-Secretary or any other legal representative of the*

*Company to respond to shareholders' requests of information on behalf of the Directors.*

6. *All valid requests of information, clarifications or questions made in writing and the answers provided in writing by the directors will be posted on the Company's website.*
7. *The right to information enshrined in this Article may also be exercised and answered through electronic communications or data transmission media in the terms which, for this purpose, are approved by the Board of Directors so as to guarantee the security of the transmissions and ensure valid recognition and identification of the shareholders.*

*The terms and conditions approved by the Board of Directors of the Company in respect of the right to information regulated in this Article through electronic communications or data transmission media shall be disseminated on the Company's website.”*

**“Article 10.- Recognition of the right to attend the General Shareholders' Meeting**

1. *Shareholders holding at least one thousand shares are entitled to attend General Shareholders' Meetings, provided their shares are registered in the relevant record of book entries at least five days before the date on which the Meeting is held.*
2. *Shareholders who individually do not fulfil the requirement of the minimum number of shares required to attend and vote at the General Meeting may pool their shares and delegate their representation at the Meeting to a representative who must be a shareholder. The intention to exercise this right of share pooling and the identity of the representative shall be reported to the Board of Directors of the Company at least five days prior to the date of date of the General Shareholders' Meeting; otherwise the above shall be null and void.*

*Shareholder pooling must be accredited in a written document signed by all shareholders in the pool, specifically for each Shareholders' Meeting, clearly designating which shareholder from among them shall be their representative.*

3. *In order to facilitate attendance to the General Shareholders' Meeting and the exercise of shareholders' rights thereat or the delegation to a representative, the Company, either directly or through participating companies, shall provide shareholders so requesting, from the day after publication of the Meeting notice, with an individually named card for attendance and delegation.*
4. *Shareholders wishing to attend the General Shareholders' Meeting or confer powers of representation in accordance with the provisions of Article 11 below must request issuance of the relevant attendance and delegation card from the Company, either directly or via authorised companies participating in*

*IBERCLEAR, in accordance with the procedure made public by the Company via its website and also available to shareholders at its registered offices.*

5. *For the purposes of reliably proving the identity of shareholders or those validly representing them, upon entrance to the venue where the General Shareholders' Meeting, along with presentation of the attendance card attendees may also be asked to provide proof of their identity by showing their national identity card or any other official document generally accepted for this purpose.*

*Shareholders that are legal entities shall act through persons sufficiently empowered to legally represent them, and must provide due proof of this by showing the documents conferring said powers of representation.”*

**“Article 15.- Presiding Committee of the General Shareholders' Meeting**

1. *The General Shareholders' Meeting shall be chaired by the Chairperson of the Board of Directors and, in his/her absence, by the Vice-Chairperson of the Board. In the case of attendance at the meeting of several Vice-Chairpersons, the Meeting shall be chaired by the Vice-Chairperson heading the order of priority established under the provisions of Article 21.5 of the Bylaws. Otherwise, the Meeting shall be chaired by the shareholder elected by the shareholders attending the meeting.*
2. *The Chairperson of the General Shareholders' Meeting shall:*
  - a) *Lead the Meeting discussions in accordance with the agenda.*
  - b) *Establish the order of the deliberations and interventions.*
  - c) *Decide on the manner of voting on resolutions in accordance with the provisions of these Regulations.*
  - d) *Resolve queries, doubts or complaints arising in relation to the agenda, list of attendees, ownership of shares, delegation or representation, requirements for the Meeting to be validly convened, and adoption of resolutions by the Meeting, or with regard to statutory limitations on voting rights.*
  - e) *Grant the floor to shareholders so requesting, and instruct them to yield it when justified, and end debates when he/she considers the subject of debate to have been sufficiently discussed, all in accordance with the provisions of these Regulations.*
  - f) *Indicate when resolutions must be submitted to a vote and announce the results of ballots.*

- g) *In general, discharge all such powers as are necessary for the orderly conduct of the Meeting, including interpretation of the provisions of these Regulations.*
3. *The Chairperson of the General Shareholders' Meeting shall be assisted by the Secretary. The Secretary of the General Shareholders' Meeting shall be the Secretary of the Board of Directors or, in his/her absence, the Deputy Secretary. Failing that, the Secretary of the General Shareholders' Meeting shall be the person appointed in each case by the shareholders attending the Meeting.*
4. *The Chairperson of the General Shareholders' Meeting shall entrust the exercise of faculties relative to the organisation of the meeting and the direction of the discussion to the director they should see fit, or to the Secretary of the General Shareholders' Meeting, who shall perform these functions on their behalf, and may revoke said exercise at any time."*

***"Article 20.- Shareholders' interventions and right of information at the General Shareholders' Meeting***

1. *Once the statements have been made, the Chairperson of the General Shareholders' Meeting shall ask shareholders wishing to take the floor to show the Presiding Committee their attendance cards with a view to organising the order of intervention.*

*Shareholders wishing to have their intervention literally transcribed in the minutes of the General Shareholders' Meeting or attached thereto, must then hand a written and signed copy of it to the Committee or the notary, in for the purpose of cross-checking the written version when the shareholder intervenes.*

2. *The Chairperson of the General Shareholders' Meeting shall grant the floor to those shareholders who have so requested, leading and coordinating the debate, and seeking to follow the established agenda.*

*For this purpose, the Chairperson, based on the given circumstances, may determine the time initially allocated to each intervention, which should be equal and reasonable for all.*

*In this connection, in the exercise of his/her powers to conduct the Meeting in an orderly manner, and without prejudice to other actions, the Chairperson may:*

- a) *Extend the time initially allocated to each shareholder, when deemed appropriate;*
- b) *Request that persons intervening clarify questions that have not been understood or sufficiently explained during the intervention;*

- c) *Call intervening shareholders to order and request that they confine their interventions to matters on the agenda and refrain from making improper remarks or exercising their right in an abusive or obstructive manner;*
  - d) *Announce to those intervening that their intervention time is soon to conclude so that they may make due adjustments and, when the time for their intervention has elapsed, or if they persist in conduct described in section c) above, instruct them to yield the floor; and*
  - e) *If the intervention is considered to potentially alter the proper agenda and conduct of the Meeting, the Chairperson may ask the shareholder to leave the venue and, in the event, adopt such measures as are necessary to enforce this request.*
3. *During the order of interventions, the shareholders may verbally ask for all informational clarifications they should see fit concerning the matters of the agenda, the information accessible to the public provided by the Company to the National Securities Market Commission (CNMV) since the previous General Shareholders Meeting and concerning the auditor's report.*
4. *Furthermore, during the interventions, shareholders may submit proposals for resolutions to be approved at the General Shareholders' Meetings concerning any item on the agenda that is not legally required to have been made available to shareholders at the time of notice and regarding all matters in respect of which the General Shareholders' Meeting may deliberate and vote despite not being included on the agenda.*
5. *Once the interventions are over, the Chairperson of the General Shareholders' Meeting may make such remarks or provide such additional explanations as he/she deems appropriate based on the shareholders' interventions, and other persons authorised by him/her may add to these statements.*

*The information or explanations requested by intervening shareholders in accordance with the provisions of section 3 above shall be provided by the Chairperson of the Meeting or, at the latter's behest, by another Director, or by the Secretary or Vice-Secretary, or, when deemed necessary, by any employee or expert in the matter present at the Meeting. When it is not possible to provide the information during the Meeting itself, said information shall be provided in writing in the seven days immediately after the Meeting, for which purpose the shareholder shall indicate the address or office to which the information must be sent.*

*The Directors will be obliged to provide the requested information unless it is unnecessary for the guard of the shareholders' rights or there should be objective reasons to consider that it might be used for purposes beyond the company or that its notification should damage the Company or the related companies.*

6. *The Chairperson shall end the debate when in his/her opinion the matter has been sufficiently discussed, and the proposed motions shall be put to a vote in the terms provided in Article 21 below.*
7. *Notwithstanding the provisions herein, the Chairperson of the Meeting, in exercising his/her duties, may order that the Meeting be conducted in the manner he/she considers most expedient based on the given circumstances, and may therefore modify the stipulations provided herein for this purpose.”*

**“Article 21.- Voting**

1. *Once the discussions have ended, the Secretary of the General Shareholders' Meeting shall read the proposed resolutions formulated by the Directors. However, the Secretary need not read the text of the proposed resolutions when these have been published on the Company's website since the date of publication of the notice of the General Shareholders' Meeting. When a notary public is present at the General Shareholders' Meeting, the Secretary shall give the notary the proposed resolutions so that they may be duly included in the notarised minutes of the meeting.*
2. *The proposed resolutions on matters on the agenda will then be put to a vote.*
3. *Each matter on the agenda shall be put to an individual vote, and those matters that are substantially independent from one another even though they might appear in the same point of the agenda.*
  - a) *the appointment, ratification and re-election or separation of Directors shall be listed as separate;*
  - b) *in changing the Company Bylaws, that of each article or group of articles with its own independence, and;*
  - c) *all matters provided in the Company Bylaws.*

*Notwithstanding the above, when the Chairperson of the General Shareholders' Meeting is aware, when it is time to vote, of the existence of a sufficient number of votes to approve or reject all or part of the proposed resolutions, he/she may declare them to be approved or rejected by the General Shareholders Meeting, without prejudice to such statements as shareholders may wish to make to the Secretary or, in the event, the notary, with respect to their voting intention, for inclusion in the minutes of the Meeting.*

4. *The process of adopting resolutions shall be conducted in accordance with the agenda published in the notice. Firstly, proposals in each case formulated by the Board of Directors shall be put to a vote, and subsequently, where applicable, other proposals shall be put to a vote in the order established by the Chairperson*

*of the General Shareholders' Meeting. In any event, once a resolution has been approved all other motions in respect of the same matter that are incompatible with it shall be automatically withdrawn, and it shall not therefore be necessary to hold a vote in their connection.*

*If proposals are submitted with regard to matters on which it is possible to vote without their being included in the agenda, the Chairperson will decide the order in which they are put to a vote.*

5. *Voting in respect of matters included in the agenda shall be conducted with the Chairperson asking shareholders who wish to abstain, cast a blank vote or vote against the motions to express their wish to the Presiding Committee's ancillary staff or, in the event, the notary present at the Meeting, in the manner indicated by the Chairperson of the Meeting.*

*In principle, and without prejudice to other systems for counting and tallying votes being used when the Chairperson of the Meeting deems it expedient or necessary, for voting proposed resolutions concerning matters on the agenda all shares present or represented shall be considered as votes in favour, with votes corresponding to shares whose owners or representatives expressly state that they are voting against, issuing a blank vote or abstaining, being deducted from the total.*

*In voting on motions relating to matters not on the agenda, shareholders will be asked to cast votes in favour, blank votes and abstentions, and the unfavourable votes will be counted by deducting all of the above from the total of votes corresponding to all shares present or represented.*

*Once a vote has taken place, the Chairperson of the General Shareholders' Meeting will proclaim the result, and, in the event, declare the resolution to be validly adopted.*

6. *Unless a larger majority is required according to Law or the Company Bylaws, resolutions will be taken by simple majority of the votes of the shareholders present or represented at the General Shareholders Meeting, a resolution being understood to be taken when it obtains more votes in favour than against the capital either present or represented.*
7. *Without prejudice to the provisions established for remote attendance at the Meeting, votes cast using remote electronic media shall only be valid if received by the Company at least forty-eight hours prior to the date the Meeting is scheduled to be held at first call. Shareholders voting in this way must be considered when calculating the quorum for validly convening the Meeting as though they were physically present.*

*In any event, votes cast using remote media shall be null and void: (i) when subsequently expressly revoked using the same media within the period established for casting the votes; (ii) when the shareholder casting the vote actually attends the Meeting; and (iii) due to the sale of shares that confer voting rights when the Company is aware of this fact at least forty-eight hours before the scheduled date of the Shareholders' Meeting at first call.*

*The Board of Directors shall determine, as well as the recognised electronic signature, the media and procedures for remote electronic communication which, in accordance with the state of technology at any given time, allow voting via data transmission media. In any event the possibility of remote electronic voting at the Company's General Shareholders' Meetings shall not be valid until, given the state of development of the technological media, the Board of Directors so decides. Once this possibility is approved, and the remote electronic media specified, the Board of Directors shall publish said resolutions on the Company's website and shall include them in the notice of the General Shareholders' Meeting at which such systems may be used, with said resolutions being added to these Regulations as soon as possible.”*

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Madrid, [✳] March 2015