
**REGULATIONS OF THE BOARD OF DIRECTORS
AMADEUS IT GROUP, S.A.**

(FORMERLY AMADEUS IT HOLDING, S.A.)

(UPDATED JUNE 21, 2018)

**FREE TRANSLATION INTO ENGLISH. IN CASE OF DISCREPANCY THE SPANISH
VERSION WILL PREVAIL**

REGULATIONS OF THE BOARD OF DIRECTORS OF AMADEUS IT GROUP, S.A.

CHAPTER I

PRELIMINARY

ARTICLE 1.- ORIGIN AND PURPOSE

1. These Regulations are approved by the Board of Directors of Amadeus IT Holding, S.A (the **Company**), in compliance with the provisions of article 115 of Act 24/1988, of July 28, on the Securities Market (*Ley del Mercado de Valores*) and article 528 of Legislative Royal Decree 1/2010, of July 2, the **Spanish Capital Companies Act** (*Ley de Sociedades de Capital*). These Regulations have as their purpose to determine the principles of action of the said Board as well as the basic rules of its organization and operation and the rules of conduct of its members.

2. The rules of conduct established in these Regulations for the Company's Directors (the **Directors**) shall also be applicable to the Members of the Management Team of the Company, to the extent to which they are compatible with the specific nature of the same and the activities they carry out. For the purposes of these Regulations, **Members of the Management Team** shall be taken to mean those executives who have a direct dependency on the Company's Board of Directors, on the Chief Executive Officer or on the Executive Committee, as the case may be, or on the Company's chief executive and, in any case, the Company's internal auditor.

ARTICLE 2.- INTERPRETATION

These Regulations implement and complete the regulatory regime applicable to the Board of Directors, as established by current law in force and the Company's Bylaws. It shall be construed in accordance with applicable legal and statutory rules and with the principles and recommendations on the corporate governance of listed companies.

ARTICLE 3.- DISSEMINATION AND MODIFICATION

1. The Directors and the Members of the Management Team have the obligation to be familiar with, abide by, and cause to abide by, these Regulations. For such purpose, the Secretary of the Board shall provide all of them with a copy thereof.

2. The Board of Directors shall adopt the necessary measures to disseminate these Regulations among shareholders and the general investor public. For this purpose, it shall use the most efficient means among those available in order that these Regulations shall reach its recipients equally, immediately and fluidly.

3. The Board of Directors may, by resolution adopted by the majority of its members, modify these Regulations, as long as the majority of the independent Directors vote in favour of such resolution.

CHAPTER II

FUNCTION OF THE BOARD

ARTICLE 4.- GENERAL FUNCTION OF THE BOARD

1. The Board of Directors has at its disposal the broadest attributes for the administration of the Company, and except for matters reserved by law or by the Regulations of the General Shareholders' Meeting to the competence of the General Meeting, it is the highest making-decision body of the Company and may do and carry out anything that is included within the corporate object.

2. The Board shall ensure that in its relations with the Company's interest groups will honor the current legislation in force; fulfill in good faith its obligations and explicit and implicit contracts; respect the uses and sound practices characteristic of the sectors and territories where it carries on its activity; and observe those additional principles of corporate responsibility that the Company decides to accept voluntarily.

3. The Board on a plenary basis is responsible for approving the Company's strategy, the organization for its placement into practice, as well as the supervision and control of the Company's management for the sake of ensuring that it complies with the objectives set and respects the corporate object and interest. For such purpose, notwithstanding the effects that delegations and powers of attorney granted may have vis-à-vis third parties, the Board shall be responsible for approving:

(a) the Company's policies and general strategies.

The following, in particular, shall be considered as such:

- (i) the strategic or business plan, as well as the annual management goals and annual budget;
- (ii) the investment and financing policy;
- (iii) the definition of the corporate group structure;
- (iv) the corporate governance policy of the Company and of the Group, their organization and functioning and, in particular, the approval and amendment of its own Regulations;
- (v) the corporate social responsibility policy;
- (vi) the remuneration policy of Members of the Management Team;
- (vii) the risk management and control policy, including tax risks, as well as the periodic monitoring of internal reporting systems and control; and
- (viii) the dividend policy, as well as the treasury stock policy and, in particular, the limits thereof.

- (b) the following operating decisions:
- (i) the appointment and potential removal of the Company's Chief Executive Officer and managing directors, as well as the establishment of the conditions of their contract;
 - (ii) the appointment and potential removal of the Company's Chief Financial Officer, at the Chief Executive's proposal; and
 - (iii) of the executives reporting directly to the Board or any of its members, as well as the establishment of the basic terms of their contracts, including their compensation;
 - (iv) the decisions related to compensation of Directors, within the framework set by the bylaws and, if applicable, the compensation policy approved by the General Shareholders' Meeting;
 - (v) the approval of the financial information which, in its capacity as a listed company, the Company must periodically make public;
 - (vi) investments, divestments or operations of any type (including financing transactions) which, due to their high amount or special characteristics, are of a strategic nature or involve a special tax risk, unless already approved in the annual budget, or unless the approval thereof is the responsibility of the General Meeting; and
 - (vii) the approval of the creation or acquisition of stakes in special purpose entities or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, could impair the transparency of the Company and its group;
- (c) The approval, after a report from the Audit Committee, of the transactions that the Company or companies in its group enter into with Directors, on the terms of articles 229 and 230 of the Spanish Capital Companies Act, or with shareholders that individually or as a group hold a significant interest, including shareholders represented on the Board of Directors of the Company or other companies that are a part of the same group, or with persons related thereto (**Related Party Transactions**). The affected Directors, or those representing or related to the affected shareholders, must refrain from participating in deliberation and voting on the resolution in question.

Nevertheless, those Related Party Transactions which simultaneously satisfy the following three (3) conditions shall not require Board authorization:

- (i) that they are carried out by virtue of contracts, the conditions of which are standardized and applied *en masse* to a large number of customers;

- (ii) that they are carried out at prices or rates set on a general basis by the party acting as supplier of the goods or services in question; and
 - (iii) that the amount of the transaction does not exceed one percent (1%) of the annual revenues of the Company.
- (d) the determination of the Company's tax strategy;
- (e) the annual evaluation of the performance of the Board and that of its Committees and, based on the results, an action plan correcting the deficiencies identified.
4. Notwithstanding the above, the aforementioned competencies may be adopted for urgent reasons by the Executive Committee or by the Chief Executive Officer, if any, pursuant to the delegation granted, but must be submitted to subsequent ratification, when the powers are non-delegable pursuant to the Law or the Bylaws.
5. The Board of Directors shall perform all of its functions in accordance with the corporate interest, understood as being to optimise, on a sustained basis, the Company's financial value.
6. The Board of Directors shall strive for the Company to comply with its ethical duties and its duty to act in good faith.
7. The Board of Directors shall always endeavour to ensure that no shareholder shall receive privileged treatment vis-à-vis the others.

CHAPTER III

COMPOSITION OF THE BOARD

ARTICLE 5.- QUALITATIVE COMPOSITION

1. The Board of Directors, in exercise of its powers of proposal to the General Meeting of non-independent Directors and of co-optation for the coverage of vacancies, shall endeavour to ensure that, in the composition of this body, external or non-executive Directors represent a majority over executive Directors and that the latter shall be the minimum necessary.

For this purpose, executive Directors shall be deemed to be the Chairman if he has been delegated executive duties, the Chief Executive Officer, if any, and those who by any other title perform management duties within the Company, or its Group, whatever the legal relationship they maintain with it. However, Directors that are senior managers or Directors of companies in the Group of the parent entity of the Company will be considered to be proprietary in the latest. A Director shall be considered to be an executive Director if he carries out management functions and at the same time is or represents a significant shareholder or a shareholder that is represented on the Board of Directors.

2. The Board shall endeavour to ensure that among the external Directors the ratio of proprietary and independent Directors shall reflect the proportion existing between the Company's capital represented by proprietary Directors and the rest of the capital.

ARTICLE 6.- QUANTITATIVE COMPOSITION

1. The Board of Directors shall be formed by the number of Directors to be determined by the General Meeting within the limits set by the Company's corporate Bylaws.

2. The Board shall propose to the General Meeting the number which, in accordance with the changing circumstances of the Company, is most appropriate in order to ensure the proper representation and efficient functioning of the body.

CHAPTER IV

STRUCTURE OF THE BOARD OF DIRECTORS

ARTICLE 7.- CHAIRMAN OF THE BOARD

1. The Chairman of the Board of Directors shall be elected from among its members, following a report from the Nominations and Remuneration Committee, and shall have the powers and authorities provided by the Law, the Company's corporate Bylaws and those which, as the case may be, are entrusted thereto by the Board itself.

2. The Chairman is vested with the ordinary authority to convene the Board of Directors, to form the agenda for its meetings and to direct the debates.

ARTICLE 8.- VICE-CHAIRMAN AND LEAD INDEPENDENT DIRECTOR

1. The Board shall, following a report from the Nominations and Remuneration Committee, necessarily appoint a Vice-Chairman, who shall substitute the Chairman in case of impossibility or absence.

2. The Board may also appoint other Vice-chairmen, in which case the duties described above shall be vested in the First Vice-chairman, who shall, in turn, be substituted in case of necessity by the Second Vice-chairman and so on and so forth.

3. If the Chairman acts as an executive Director, the Board of Directors, with the abstention of the executive Directors, must necessarily appoint a Lead Director to coordinate the independent Directors, who shall be specifically empowered to request a call of the Board of Directors or inclusion of new items on the agenda for a meeting already called, to coordinate and meet with the non-executive Directors and, if applicable, to lead the periodic evaluation of the Chairman of the Board of Directors.

ARTICLE 9.- SECRETARY OF THE BOARD

1. The Board of Directors shall elect a Secretary, the appointment of whom may be vested in any of its members or in a person not related to the Board who is apt to

perform the duties characteristic of said office. In the event that the Secretary of the Board of Directors does not hold Director status, he shall have a voice but no vote.

When the Secretary simultaneously holds the position of general counsel, such appointment must be made to a Legal professional.

2. The Secretary shall, in addition to the duties entrusted under the Law and the Bylaws, assist the Chairman in his tasks and shall provide for the proper functioning of the Board. Most especially, he shall attend to providing Directors with the necessary advice and information, preserving corporate documentation, duly and faithfully reflecting in the Minutes Books the development of the meetings and certifying board resolutions.

3. The Secretary, or as the case may be, the general counsel when the Secretary does not hold such status, shall attend to the formal and material legality of the Board's actions, shall check its statutory conformity, the compliance with provisions issued by the regulatory bodies and shall ensure that the criteria of corporate governance of the Company and the rules of these Regulations are observed.

4. The Secretary shall be appointed and, as the case may be, removed, by the Board acting in plenary session, subject to a prior report, in both cases, by the Nominations and Remuneration Committee.

ARTICLE 10.- VICE-SECRETARY OF THE BOARD

1. The Board of Directors may, following a report from the Nominations and Remuneration Committee, appoint and remove a Vice-secretary, who need not be a Director, to assist the Secretary of the Board of Directors or replace him in case of absence in the performance of such duty for any reason.

2. When the Vice-Secretary simultaneously holds the position of general counsel, such appointment must be made to a professional in Law.

ARTICLE 11.- DELEGATED BODIES OF THE BOARD OF DIRECTORS

1. In accordance with the provisions of the corporate Company's Bylaws, notwithstanding the delegations of powers and authorities, as the case may be, made individually to the Chairman or to any other Director (Chief Executive Officers), the Board of Directors may establish, from among its number, an Executive Committee, with general decision-making powers but subject to the limitations for internal purposes resulting from article 4, determining the persons who must hold such posts and their way of operating, and it may create other Committees formed by Directors with the functions deemed appropriate.

2. The Board of Directors shall establish, from among its number, an Audit Committee and a Nominations and Remuneration Committee, which shall be subject to the provisions established in law, the Bylaws and in these Company's Regulations of the Board of Directors. With regard to anything not specifically stipulated in the aforementioned, the operating rules established by these Regulations in relation to the Board, provided that they are compatible with the nature and function of the Committee in question, shall apply.

CHAPTER V**FUNCTIONING OF THE BOARD****ARTICLE 12.- BOARD OF DIRECTORS MEETINGS**

1. The Board of Directors shall meet, on an ordinary basis, at least four (4) times per year, once per quarter, and, upon the initiative of the Chairman, as many times as he deems appropriate for the proper functioning of the Company. The Board of Directors shall also meet when requested by at least one third (1/3) of its members or two (2) of the independent Directors, in which case it shall be convened by order of the Chairman, by any written means (either by letter, fax, telegram or e-mail) personally addressed to each Director, to be held within fifteen (15) days following the request. In any case, the Board shall necessarily meet within a deadline of three (3) months following the end of the fiscal year, in order to formulate the Annual Accounts, the management report and the proposal for application of the profit/loss. Moreover, Directors comprising at least one third (1/3) of the members of the Board may call a Board meeting, indicating the agenda, to be held at the location of the registered office, if, after a request to the Chairman the latter, without just cause, has not made the call within a term of one month.

2. The meeting notice shall be made to each Director by letter, fax, telegram or e-mail, and shall be authorized with the signature of the Chairman or, as the case may be, of the Secretary or Vice-secretary by order of the Chairman. The meeting notice shall be given at least five (5) days in advance, unless there are reasons of urgency, and the Chairman calls it forty-eight (48) hours in advance.

3. Meetings of the Board and its Committees may be held by using remote communication means if any of their members cannot attend in the place established for the meeting in the meeting notice.

Those not physically attending in the place of the meeting that use means of communication enabling the meeting to take place simultaneously and reciprocally with the place of the meeting and with the other members that use remote communication means, shall be deemed to be attendees for all purposes and may cast their vote through the communications means so utilized.

4. There shall be a valid quorum at Board meetings when at least, half plus one of its members attend in person or represented. However, the Board shall be deemed to be validly assembled with no need for meeting notice if, with all of its members being present or represented, they unanimously agree on holding the meeting and on the items on the agenda to be addressed.

5. The Board may also adopt resolutions in writing with no need to hold a meeting, in accordance with the provisions of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), the Mercantile Registry Regulations and the Corporate Company's Bylaws, and the vote may be cast in writing or by e-mail, provided that the identity of the Director casting it is assured.

ARTICLE 13.- DEVELOPMENT OF MEETINGS

1. The Directors shall attend the Board meetings. When they are unable to do so in person, they shall seek to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The independent Directors shall only grant their proxy to another independent Director. The proxy may be granted by any postal or electronic means or by fax, provided that the identity of the Director is assured and also the nature of the instructions.
2. The Chairman shall organize the debate by procuring and promoting the participation of all Directors in the Board's deliberations.
3. Except in the cases in which the law or the Bylaws specifically establish other voting quorums, resolutions shall be adopted by absolute majority of the Directors attending the meeting in person or by proxy. In case of a tie in the voting, the Chairman shall not have the tie-breaking vote.
4. Minutes of the Board of Directors meetings shall be drawn up by the Secretary and shall be signed, at least, by the Chairman or the Vice-Chairman, as the case may be, and the Secretary or Vice-Secretary. They shall be transcribed or reflected, in accordance with legal regulations, in a special book containing the Board minutes.

The minutes shall be approved by the Board of Directors itself, at the end of the meeting, or at the immediately following meeting, unless the immediacy of the meetings does not so permit, in which case, they shall be approved at a subsequent meeting.

In order to facilitate the execution of resolutions and, as the case may be, the public notarization thereof, the minutes may be approved in part, each one of the parts so approved reflecting one or more resolutions.

CHAPTER VI

APPOINTMENT AND REMOVAL OF DIRECTORS

ARTICLE 14.- APPOINTMENT OF DIRECTORS

1. Directors shall be appointed by the General Meeting or by the Board of Directors in accordance with the provisions contained in the Spanish Capital Companies Act (*Ley de Sociedades de Capital*) and the Company's Bylaws.
2. Proposals for appointment and re-election of non-independent Directors which the Board of Directors submits to the consideration of the General Meeting and the resolutions regarding appointments which the said body adopts by virtue of the powers of cooptation legally attributed to it must be preceded by the pertinent report from the Nominations and Remuneration Committee.
3. Proposal of appointment or re-election of members of the Board of Directors who are independent Directors corresponds to the Nominations and Remuneration Committee. The proposal in any event must attach a justifying report of the Board that evaluates the competence, experience and merits of the proposed candidate.

ARTICLE 14 BIS.- EXECUTIVE DIRECTORS' CONTRACTS

1. When a member of the Board of Directors is appointed Chief Executive Officer or given executive duties under another title, a contract must necessarily be entered into between the Director and the Company, which must be approved in advance by the Board of Directors with the favourable vote of two thirds of its members. The affected Director must refrain from attendance, deliberation and participation in voting.
2. All categories in which compensation may be obtained by reason of the performance of executive duties must be specified in the contract, including, if applicable, any indemnification for early removal from such duties and the amounts to be paid by the Company as insurance premiums or contributions to saving systems. The Director may not receive any compensation for the performance of executive duties the amounts or categories of which are not contemplated in the contract.
3. The contract must be consistent with the compensation policy, if any, approved by the General Meeting.

ARTICLE 15.- APPOINTMENT OF INDEPENDENT DIRECTORS

1. The Board of Directors and the Nominations and Remuneration Committee, within the scope of their competencies, shall procure that the candidates elected are persons of recognized solvency, competency and experience, being most rigorous in relation to those called to fill the positions of independent Director as provided by article 5 of these Regulations.
2. Independent Directors shall be deemed to be those who, appointed in consideration of their personal and professional attributes, may perform their duties without being conditioned by relations with the Company, its significant shareholders and its executives.

In particular, the following may not be proposed or appointed as independent Directors:

- (a) those who have been employees or executive Directors of group companies, unless three (3) or five (5) years, respectively, have elapsed since the end of that relationship;
- (b) those who receive from the Company, or from its same group, any amount or profit for a concept other than Director's remuneration, unless it is not significant.

The following shall not be taken into account for purposes of the provisions of this section: dividends or pension supplements received by a Director as a consequence of his previous professional or labour relationship, provided that such supplements are unconditional in nature and, consequently, the company that pays them may not suspend, modify or revoke the accrual thereof on a discretionary basis without entailing a breach of obligations;

- (c) those who are, or have been, during the last three (3) years, a partner of the external auditor or responsible for the auditors' report, whether in respect of the audit during the said period of the Company or of any other company belonging to its group;

- (d) those who are executive Directors or senior officers of another company in which any executive Director or Member of the Management Team of the Company is an external Director;
- (e) those who maintain, or have maintained during the last year, a significant business relationship with the Company or with any company of its group, whether in their own name or as significant shareholder, Director or senior officer of an entity that maintains or has maintained the said relationship.

Business relationships shall be deemed to be those entailing a supplier of goods or services, including financial services, adviser or consultant;

- (f) those who are significant shareholders, executive Directors or senior officers of an entity that receives, or has received during the last three (3) years, significant donations from the Company or from its group.

Those who are mere trustees of a Foundation that receives donations shall not be deemed to be included under this letter;

- (g) those who are spouses, persons related by an analogous affective relationship, or relatives up to the second degree, of an executive Director or Member of the Management Team of the Company;
- (h) those who have not been proposed, whether for appointment or re-election, by the Nomination and Remuneration Committee;
- (i) those who have been Directors for a continuous period of more than twelve (12) years;
- (j) those who are subject, with respect to any significant shareholder or shareholder represented on the Board, to any of the circumstances indicated under letters (a), (e), (f) or (g), *supra*. In the case of the family relationship indicated under letter (g), the limitation shall apply not only with respect to the shareholder, but also with respect to its proprietary Directors in the investee company.

Proprietary Directors that forfeit such status as a consequence of the sale of their stake by the shareholder they represent may only be re-elected as independent Directors when the shareholder they represented up until that time has sold all of its shares in the Company.

A Director that owns a stake in the Company may hold the status of independent Director, provided that he satisfies all of the conditions established above and, in addition, his stake is not significant.

ARTICLE 16.- TERM OF OFFICE

1. Directors shall hold office during the term provided by the Bylaws and may be re-appointed one or more times, for periods of equal maximum duration, subject to the statutory provisions from time to time. In the event of the reappointment of a Director, such reappointment must necessarily be for a one-year term. In the event that a Director's office has expired or he/she has resigned or been removed, and is then again appointed as a Director once a term of at least one year has passed since the expiration, resignation or removal, this shall be deemed to constitute an appointment and his/her term of office shall therefore be 3 years.

2. Directors appointed by co-optation method shall hold office until the date of the next General Shareholders' Meeting, or the next one, if a vacancy arises after the General Meeting is called and before it is held, or until the legal deadline for holding the General Shareholders' Meeting that must resolve on the approval of the annual accounts of the previous fiscal year has expired.

ARTICLE 17.- REMOVAL OF DIRECTORS

1. Directors shall be removed from office when the period for which they were appointed has transpired, when decided by the General Meeting in application of the attributes granted in law or by the Bylaws, and when they resign.

2. Directors must place their position at the disposal of the Board of Directors and formalize, if it deems this appropriate, the pertinent resignation, in the following cases:

- (a) when they leave the executive positions with which, where applicable, their appointment as Director was associated;
- (b) when they are subject to any of the cases of incompatibility or prohibition provided by law;
- (c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious misdemeanour instructed by the supervisory authorities;
- (d) when their continuation on the Board may place in risk the Company's interests or when the reasons for which they were appointed disappear. In particular, in the case of proprietary external Directors, when the shareholder they represent sells its stakeholding in its entirety. They must also do so, in the corresponding number, when the said shareholder lowers its stakeholding to a level which requires the reduction of the number of external proprietary Directors;
- (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and
- (f) when due to facts attributable to the Director, his continuation on the Board causes serious damage to the corporate net worth or reputation in the judgement of the Board.

CHAPTER VII

INFORMATION OF THE DIRECTOR

ARTICLE 18.- POWERS OF INFORMATION AND INSPECTION

1. The Director has the duty of diligently informing himself with regard to the running of the Company. For such purpose, the Director may request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.
2. The request for information must be addressed to the Chairman of the Board of Directors, who shall cause it to be delivered to the applicable appropriate spokesperson at the Company.
3. If it entails confidential information in the judgement of the Chairman, he shall advise the Director requesting and receiving it of this circumstance, as well as of his duty of confidentiality in accordance with the provisions of these Regulations.

ARTICLE 19.- ASSISTANCE OF EXPERTS

1. In order to be assisted in the exercise of their duties, external Directors may request the hiring at the expense of the Company of legal, accounting, financial advisers or other experts. The order must necessarily refer to specific problems of a certain entity and complexity which present themselves in the exercise of the position.
2. The request for hiring shall be notified to the Chairman of the Company and, notwithstanding, may be rejected by the Board of Directors, provided that it evidences:
 - (a) that it is not necessary for the proper performance of the duties entrusted to the external Directors;
 - (b) that the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;
 - (c) that the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
 - (d) it may entail a risk to the confidentiality of the information that must be handled.

CHAPTER VIII

DIRECTORS' REMUNERATION

ARTICLE 20.- DIRECTORS' REMUNERATION

1. Directors shall be entitled to obtain the remuneration established in accordance with the provisions of the Bylaws and in accordance, as the case may be, with the indications of the Nominations and Remuneration Committee.

The maximum amount of annual compensation of all Directors in their capacities as such must be approved by the General Shareholders' Meeting and shall remain in effect until modification thereof is approved. Unless otherwise determined by the General Shareholders' Meeting, the distribution of the compensation among the various Directors shall be established by agreement among them and, in the case of the Board of Directors, by decision thereof, which must take account of the duties and responsibilities assigned to each Director.

2. The compensation of the Directors in any event must be in reasonable proportion to the size of the Company, the economic situation existing from time to time and the market standards of comparable undertakings. The established compensation scheme must be aimed at promoting the profitability and long-term sustainability of the Company, and must incorporate the safeguards necessary to prevent excessive risk assumption and reward of unfavourable results.

3. In particular, the Board of Directors shall adopt all measures at its disposal in order to ensure that the remuneration of external Directors, including that which, as the case may be, they receive as members of the Committees, shall be in line with the following directives:

- (a) the external Director must be remunerated in accordance with his effective dedication;
- (b) the external Director shall be excluded from welfare provision funds financed by the Company for events of cease of office, decease or any other;
- (c) the external Director shall not be remunerated through deliveries of the Company's shares or shares of other companies of its group, share options over the foregoing or instruments linked to its share price. Notwithstanding with this, the deliveries of shares are excluded from this limitation when the external Directors are obliged to hold the shares until the end of their tenure;
- (d) the amount of remuneration of external Directors shall be calculated so that it offers incentives to dedication, but without constituting an impediment to their independence.

4. The compensation of Directors for performance of executive duties contemplated in the contracts approved in accordance with the provisions of article 14.bis of these Regulations shall be in accordance with the compensation policy for Directors, which necessarily must contemplate the amount of annual fixed compensation and changes therein over the period to which the policy refers, the various parameters for fixing the

variable components and the principal terms and conditions of their contracts, in particular covering their term, indemnification for early removal or termination of the contractual relationship and exclusivity, post-contractual noncompetition and minimum term or loyalty clauses.

5. The Board of Directors is the body in charge of fixing the compensation of the Directors for performance of executive duties and the terms and conditions of their contracts with the Company in accordance with the provisions of article 14.bis of these Regulations and the compensation policy for Directors approved by the General Shareholders' Meeting.

6. Remunerations of Directors shall be recorded in the Annual Report and in the Annual Report on Director Remuneration, on an individual basis for each Director or on a grouped basis, with breakdown of the different remunerable items, as required by the legislation in force at each time.

7. The Company is authorized to contract civil liability insurance for its Directors.

CHAPTER IX

DUTIES OF THE DIRECTOR

ARTICLE 21.- GENERAL OBLIGATIONS

1. In the performance of his position, the Director shall act with the diligence of an orderly businessperson, taking into account the nature of the position and the duties assigned to each of them, and with the loyalty of a faithful representative, acting always in good faith and in the best interest of the Company. In particular, the Director shall be required to:

- (a) inform himself on and adequately prepare the Board meetings and, as the case may be, the meetings of the delegated bodies to which he belongs;
- (b) attend the Board of Directors meetings in person and actively participate in the deliberations in order that his criteria may effectively contribute towards the making of decisions;

In the event that, for just cause, he is unable to attend the meetings to which he has been convened, he shall instruct the Director who is to represent him. The independent Directors may only grant a proxy to another independent Director;

- (c) contribute his strategic vision, as well as concepts, criteria and innovative measures for the optimal development and evolution of the Company's business;
- (d) perform any specific task entrusted to him by the Board of Directors or any of its delegated and/or consulting bodies and which is reasonably included in his dedication commitment;
- (e) inform the Board or the Company's competent body, of any irregularities in the Company's management of which he has become aware;

- (f) request that the persons authorized to call meetings convene an extraordinary Board meeting, or include on the agenda of the next one to be held those matters which he deems appropriate; and
- (g) object to resolutions contrary to the law, the Bylaws or the corporate interest, and request that his position be recorded in the minutes when he deems it most appropriate for the protection of the corporate interest.

In addition, the duty of loyalty requires the Director to comply with the provisions of articles 22 to 29 below:

ARTICLE 22.- DUTY OF CONFIDENTIALITY

1. The Director shall maintain the secrecy of the deliberations of the Board of Directors and of the delegated bodies of which he forms part and, in general, shall abstain from disclosing any non-public information to which he has had access in the exercise of his position.
2. The confidentiality obligation shall survive even after he has departed his position, and he shall maintain the secrecy of confidential information and the information, data, reports or precedents of which he becomes aware as a consequence of the exercise of the position, and these must not be reported to third parties or be disclosed when this may have damaging consequences to the corporate interest. Excepted from the duties referred to in this paragraph are those cases in which the law allows the communication or disclosure to third parties or which, as the case may be, are required by or must be submitted to the respective supervisory authorities, in which case, the assignment of information shall conform to the provisions of the law.

ARTICLE 23.- DUTY NOT TO COMPETE

1. The Director may not carry out for its own account or the account of others, whether directly or indirectly, activities which constitute effective competition, whether actual or potential, with the Company, or which otherwise places it in a permanent conflict with the interests of the Company except in the cases of waiver set out in article 29.bis, subarticle 3 of these Regulations. Excepted from the above are offices which may be held in subsidiaries or investee entities of the Company.

ARTICLE 24.- CONFLICTS OF INTEREST

1. The Director shall adopt the necessary measures to avoid situations where his interests, whether for his own or another's account, may come into conflict with the interest of the Company and with his duties to the Company and, in any case, the Director must report, when he has knowledge thereof, the existence of conflicts of interest to the other Directors and to the Board of Directors and abstain from participating and intervening in deliberations and voting on resolutions or decisions in which the Director or a related person has a conflict of interest, direct or indirect. Excluded from the foregoing prohibition are the resolutions or decisions that affect the Director in his status as such, such as the Director's appointment or removal from positions on the governing body or others of analogous meaning.

For purposes of these Regulations, persons related to the Directors shall be deemed to be those determined by article 231 of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), and article 2 of the Order 3050/2004, of the Ministry of the Economy and the Treasury, of 15 September 2004, both currently in force (hereinafter, **Related Persons**).

2. The Director may not directly or indirectly carry out transactions with the Company except in cases of waiver set out in article 29.bis, subarticle 2 of these Regulations.

3. The votes of Directors affected by the conflict and who must abstain shall be deducted for the purpose of computing the majority of votes necessary.

4. In any case, situations of conflict of interest to which the Directors are subject shall be reported in the Annual Report on Corporate Governance and in the notes to the financial statements.

5. The Directors must notify the Board of any stake they have in the capital of a Company performing the same, analogous or complementary activity as or to that comprised by the Company's corporate object, as well as the offices or duties they exercise at same, as well as any performance as an independent contractor or salaried employee of the same, analogous or complementary activity as or to that comprised by the Company's corporate object. Said information shall be included in the annual report.

6. The foregoing provisions also shall apply if the beneficiary of the prohibited acts or activities is a person related to the Director.

ARTICLE 25.- USE OF CORPORATE ASSETS

1. The Director may not make use of the Company's assets or avail himself of his position at the Company for private purposes except in the cases of waiver set out in article 29.bis, subarticle 2 of these Regulations.

ARTICLE 26.- USE OF NON-PUBLIC INFORMATION

1. Directors are subject, with regard to the use of any non-public information of the Company, to the duties inherent to their position, abstaining from using the said information in their own benefit or for the benefit of third parties in violation of their duties.

2. The provisions of this article are construed without prejudice to the obligations pertaining to the Directors with regard to privileged information and material information of the Company in the terms referred to in legislation on the securities market.

ARTICLE 27.- BUSINESS OPPORTUNITIES

1. The Directors may not use the Company's name or invoke their status as Directors thereof in order to unduly influence the performance of private transactions.
2. The Director may not use in his own benefit or for that of a Related Person, in the terms established under article 24, *supra*, a business opportunity of the Company except in the cases of waiver set out in article 29.bis, sub-article 2.
3. For purposes of the above section business opportunity is taken to mean any possibility of making an investment or carrying out a commercial transaction which has arisen or is discovered in connection with the exercise of office on the part of the Director, or through the use of means and information of the Company, or under such circumstances that it is reasonable to believe that the third party's offering was in fact aimed at the Company.

ARTICLE 28.- INDIRECT TRANSACTIONS AND THIRD-PARTY INSTRUCTIONS

The Director breaches his duties of fidelity towards the Company if, knowing so in advance, he allows or does not disclose the existence of transactions carried out by Related Persons that have not been subjected to the conditions and controls provided under the foregoing articles.

In any event, the Director must perform his duties under the principle of personal responsibility, freely using their judgment or criteria and independence regarding third party instructions and relationships.

ARTICLE 29.- DUTY OF DISCLOSURE

1. The Director shall disclose to the Company the shares therein which he owns either directly or indirectly through Related Persons, all of which in accordance with the provisions of the Internal Rules of Conduct in Matters Relating to the Securities Market.
2. The Director must also disclose to the Company the offices he holds and the activities he carries out at other companies and, in general, the facts, circumstances or situations which may be relevant for his action as a Director of the Company.
3. The Director shall disclose to the Company those circumstances affecting him and which may impair the credit or reputation of the Company, especially any criminal proceedings in which he appears as accused and the procedural vicissitudes thereof which are significant. The Board may, after examining the situation presented, require the Director's resignation, and the Director must abide by this decision.
4. The Directors may not form part –in addition to the Company's Board– of more than six (6) Boards of Directors of commercial companies.

For purposes of computing the number of boards to which the above paragraph refers, the following rules shall be borne in mind:

- (a) those boards of which he forms part as a proprietary Director proposed by the Company or by any company belonging to its group shall not be computed;
- (b) all boards of companies that form part of the same group, as well as those of which he forms part as a proprietary Director at any group company, shall be computed as one single board, even though the stake in the capital of the company or the corresponding degree of control does not allow it to be considered to form part of the group;
- (c) those boards of asset-holding companies or companies that constitute vehicles or complements for the professional exercise of the Director himself, his spouse or a person with an analogous affective relationship, or of his closest relatives, shall not be computed; and
- (d) those boards of companies, even though commercial in nature, whose purpose is complementary or accessory to another activity which for the Director constitutes an activity related to leisure, assistance or aid to third parties, or any other which does not entail for the Director a true dedication to a commercial business, shall not be considered for computation.

ARTICLE 29. BIS.- WAIVER SCHEME

1. The scheme related to the duty of loyalty and liability for breach thereof is mandatory. Bylaw provisions limiting it or contrary thereto shall not be valid.
2. Notwithstanding the provisions of the preceding subarticle, the Company may waive the prohibitions contained in the preceding articles of chapter IX of these Regulations in individual cases, authorising a Director or a related person to engage in a given transaction with the Company, use certain corporate assets, take advantage of a specific business opportunity, obtain a benefit or compensation from a third party.

The authorisation necessarily must be resolved by the General Shareholders' Meeting when the purpose is waiver of the prohibition of obtaining a benefit or compensation from third parties, or involves a transaction the value of which is more than ten percent of the corporate assets.

In other cases, the authorisation also may be granted by the Board of Directors, provided that the independence of the members granting it is assured, as regards the Director granted the waiver. In addition, it shall be required that the neutrality of the authorised transaction from the point of view of the corporate assets be guaranteed or, if applicable, its being undertaken on market terms in a transparent process.

3. The obligation not to compete with the Company may only be waived if no damage to the Company is to be expected, or it is expected that it would be compensated for the benefits expected to be obtained from the waiver. The waiver shall be granted by way of express and separate resolution of the General Shareholders' Meeting.

In any event, on request of any shareholder The General Meeting shall resolve regarding the removal of a Director who engages in competitive activities when the risk of damage to the Company has become relevant.

CHAPTER X

BOARD RELATIONS

ARTICLE 30.- SHAREHOLDER RELATIONS

1. The Board of Directors shall mediate the appropriate channels in order to apprise itself of proposals which may be made by shareholders in relation to the management of the Company.

2. The Board, by means of any of its Directors and with the collaboration of the members of the Members of the Management Team that it deems pertinent, may organize informational meetings on the running of the Company and its group, for those shareholders who reside in the most relevant financial districts in Spain and other countries, provided that none of the shareholders receives preferential treatment and such informative presentation is provided simultaneously to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) or is published on the Company's website.

3. Public requests for a delegation of vote made by the Board of Directors or by any of its members must express the direction in which the representative shall vote in the event that the shareholder does not give instructions. A vote delegated by virtue of the said public request may not be exercised with regard to agenda items in which there is a conflict of interest in accordance with the provisions of article 526 of the Spanish Capital Companies Act.

4. The Board of Directors shall promote the informed participation of shareholders at General Meetings and shall adopt such measures as may be appropriate in order to facilitate that the General Shareholders' Meeting effectively exercises the functions characteristic thereof as provided by law or the Bylaws.

In particular, the Board of Directors shall adopt the following measures:

- (a) it shall exert itself to make available to shareholders, prior to the General Meeting, all such information as is legally required and all information, even if not legally required, that may be of interest and may be reasonably furnished;
- (b) it shall attend to, with the utmost diligence, requests for information formulated thereto by shareholders prior to the General Meeting;
- (c) it shall attend to, with the same diligence, questions formulated thereto by the shareholders on the occasion of holding the General Meeting; and
- (d) it shall ensure that the business proposed to the General Meeting is voted on in an orderly fashion and separately, giving the opportunity to shareholders to intervene in order to express their opinion on each of the matters submitted to voting.

ARTICLE 31.- INSTITUTIONAL SHAREHOLDER RELATIONS

1. The Board of Directors shall also establish adequate mechanisms for a regular exchange of information with institutional investors who form part of the Company's shareholder structure.
2. In no case shall relations between the Board of Directors and institutional shareholders be translated into the delivery thereto of any information which may place them in a privileged situation or advantage with respect to the other shareholders.

ARTICLE 32.- MARKET RELATIONS

1. The Board of Directors, through communications of material facts to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and the corporate website, shall inform the public immediately with regard to any material information in the terms established in the Spanish Securities Market Act (*Ley del Mercado de Valores*) and implementing legislation.
2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information which prudence requires be made available to the markets is prepared in accordance with the same principles, criteria and professional practices as the Annual Accounts and is equally as reliable as the latter.
3. Reporting obligations shall be complied with through any technical, computer or automated means, without prejudice to the rights of the shareholder to request information in printed form.

ARTICLE 33.- RELATIONS WITH AUDITORS

1. The Board's relations with the Company's external auditors shall be channeled through the Audit Committee.
2. The Board of Directors shall publicly report the global fees the Company has paid to the auditing firm for services other than auditing.
3. The Board of Directors shall seek to definitively formulate the Annual Accounts in such a manner that there are no qualifying reservations made by the auditor. Notwithstanding the above, when the Board considers that it must maintain its criteria of judgement, it shall publicly explain the contents and scope of the discrepancy.

CHAPTER XI

BOARD COMMITTEES

ARTICLE 34.- EXECUTIVE COMMITTEE

1. The Board of Directors may appoint from among its members an Executive Committee of which the Chairman and, if any, the Chief Executive Officer, shall form part.

2. In the event that the Board of Directors creates the Executive Committee, it shall establish its composition, which shall be a reflection of the composition of the Board, and shall determine the rules of its operation.
3. The powers and authorities of said Committee shall be those which, in each case, are delegated to it by the Board subject to the limits provided by law, the Bylaws and these Regulations of the Board of Directors of the Company.
4. In the event that an Executive Committee is appointed, it shall report to the Board on the principal business transacted and on the decisions in respect thereof at its meetings.
5. The Chairman and Secretary of the Board of Directors shall hold such positions on the Executive Committee.

ARTICLE 35.- AUDIT COMMITTEE

1. The Audit Committee shall be formed by non-executive Directors in the number to be determined by the Board of Directors, between a minimum of three (3) and a maximum of five (5), of whom at least the majority must be independent Directors and one of whom shall be appointed taking into account his knowledge and experience on the subject of accountancy, auditing or both. The members of the Audit Committee shall be designated by the Board of Directors.
2. The members of the Audit Committee, and especially its Chairman, shall be designated taking into account their technical knowledge of the industry in which the Company operates and experience in accounting, audit or risk management matters.
3. The number of members, the responsibilities and the operating rules of this Committee must encourage its independent operation. Notwithstanding any other tasks which may be assigned thereto at any time by the Law, the Bylaws or the Board of Directors, the Audit Committee shall exercise the following basic functions:
 - (a) to report at the General Shareholders' Meeting on matters raised by shareholders in the area of its competence;
 - (b) to propose to the Board of Directors, for submission to the General Shareholders' Meeting, the selection, appointment, re-election and replacement of the external auditor referred to in article 264 of the Spanish Capital Companies Act (Ley de Sociedades de Capital), as well as the conditions of the engagement thereof, and regularly gather information from it regarding the audit plan and its implementation, in addition to preserving its independence in the exercise of its functions;
 - (c) to ensure the independence and efficiency of internal audits, checking that said audits are performed appropriately and fully and supporting the Audit Committee in its supervision of the internal control system;
 - (d) to propose the selection, appointment and substitution of the responsible person of the Internal Audit; to propose the budget for such services; to receive periodically information of its activities and verify that the Members of the

- Management Team take account of the conclusions and recommendations of their reports;
- (e) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and to supervise the responses of the management team to the adjustments proposed by the external auditors and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, where such case arises, have motivated the resignation of the auditor;
 - (f) to supervise the drafting process and the integrity of all financial information related to the Company and the Group, in order that regulatory requirements are fulfilled, that consolidation parameters are clearly marked and that accounting principles are correctly applied;
 - (g) periodically revise the Company's internal control and risk management systems, including tax risks, and in particular, that the design of the Internal Control System for Financial Information (SCIIF) is appropriate, so as the main risks are identified, managed and disclosed as appropriate, as well as discussing with the account auditors or auditing firms any significant weaknesses in the internal control system identified in the performance of the audit, without compromising its independence;
 - (h) to approve the internal audit plan for the evaluation of the SCIIF and receive occasional information on the results of its work, as well as the action plan to correct any deficiencies identified;
 - (i) to maintain relations with the external auditor or audit firms in order to receive information on those matters which may jeopardise their independence, for its examination by the Committee, and any other matters related to the auditing process, as well as such other communications envisaged in auditing legislation and technical auditing rules and when appropriate, to authorise services other than those prohibited under the legislation in force; in any case, they shall receive on an annual basis from the account auditors or auditing firms, the written confirmation as to their independence vis-à-vis the company or companies directly or indirectly linked to it, as well as information on any type of additional services provided to these entities by the said auditors or firms, or by the persons or entities linked to the latter pursuant to the regulations on auditing activities;
 - (j) to issue, on an annual basis, prior to issuing the accounts audit report, a report stating an opinion regarding whether the independence of the account auditors or auditing firms has been compromised. This report shall, in any case, contain a detail evaluation of the provision of each and every additional services as referred to in the preceding paragraph, taken individually and as a whole, other than the legal audit, as regards the scheme of independence of the auditors and regulations governing audit activities;

- (k) to monitor compliance with the auditing contract, in order that the opinion on the Annual Accounts and the principal contents of the auditors' report are drafted clearly and precisely;
- (l) to inform the Company's Shareholders' Meeting of any issues that may arise as regards affairs for which the Committee is responsible and, in particular, regarding the outcome of the audit, explaining how it has contributed to the integrity of financial information and the role that the Committee has played during this process;
- (m) to review the Company's accounts and periodic financial information which, in accordance with articles 118, 119 and 120 of the Consolidated Text of the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management. In particular to revise, analyse and discuss the financial situation and other relevant financial information with the senior management and internal and external auditors, to confirm that said information is reliable, comprehensible and relevant and that accounting principles used are in line with the previous year end;
- (n) to monitor compliance with regulations with respect to Related Party Transactions. In particular, to endeavour that the market is supplied with information on said transactions, in compliance with the provisions of Order 3050/2004, of the Ministry of the Economy and the Treasury, of 15 September 2004, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of these Regulations;
- (o) to establish and supervise the communication channel mechanism to permit the employees, on a confidential basis, to communicate any financial and accounting irregularity detected in the company. To take into consideration any information received through such communication channel or by any other mean;
- (p) to report, beforehand, to the Board of Directors on all matters contemplated in the law, the Bylaws and the Board Regulations, in particular regarding;
 1. the financial information the company periodically must make public,
 2. the creation or acquisition of interests in special purpose entities or those domiciled in countries or territories that are treated as tax havens and
 3. transactions with related parties.

The Audit Committee shall not exercise the duties foreseen in this point p) when they are attributed through the by-laws to another Committee and said Committee is composed solely of non-executive directors and at least two independent directors, one of whom must be the Chairman; and

(q) any others attributed thereto by law and other regulations applicable to the Company.

4. The Audit Committee shall be convened by the Chairman of the Committee, either at his own initiative, or at the request of the Chairman of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows a record of receipt.

5. In all cases, the Audit Committee shall be called and shall meet, at least, on a six-monthly basis, in order to review the periodic financial information which, in accordance with articles 118, 119 and 120 of the Consolidated Text of the Spanish Securities Market Act (*Texto Refundido de la Ley del Mercado de Valores*), the Board must submit to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.

6. The Committee shall appoint a Chairman from among its members. The Chairman shall be an independent Director. The Chairman must be replaced every two (2) years. He may be reappointed once one (1) year has elapsed from the time he ceased to be Chairman.

It shall also appoint a Secretary and may appoint a Vice-secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary and Vice-secretary of the Board shall hold those posts on the Audit Committee.

7. The Audit Committee shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by majority of members attending in person or by proxy.

Minutes of the resolutions adopted at each meeting shall be drawn up, which resolutions shall be reported to the Board in plenary session, submitting or delivering a copy of the minutes to all Board members.

8. The Audit Committee shall prepare an annual report on its operation, emphasizing the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, when the Audit Committee deems it appropriate, it shall include in the said report proposals to improve the Company's rules of governance.

9. The members of the Company's management team or personnel shall be required to attend the meetings of the Audit Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests. The Committee may also request the attendance at its meetings of the Company's auditors.

10. When the Audit Committee deems it necessary for the adequate fulfilment of its duties, it may seek advice from external experts, making this circumstance known to the Secretary or Vice-secretary of the Board, who shall arrange for the corresponding services to be contracted.

ARTICLE 36.- NOMINATIONS AND REMUNERATION COMMITTEE

1. The Nominations and Remuneration Committee shall be formed by external Directors, the majority being independent Directors, in the number to be determined by the Board of Directors, with a minimum of three (3) and a maximum of five (5). The members of the Nominations and Remuneration Committee shall be designated by the Board of Directors.

2. The Nominations and Remuneration Committee shall designate from among its number a Chairman. This shall be an independent Director and shall be replaced every two (2) years. He may be reappointed once one (1) year has elapsed from the time he ceased to be Chairman.

3. Notwithstanding the duties assigned to it by law, the Bylaws or other duties which may be assigned thereto by the Board of Directors, the Nominations and Remuneration Committee shall have the following basic responsibilities:

- (a) to evaluate the competence, knowledge and experience necessary in the members of the Board of Directors;
- (b) to make proposals to the Board of Directors of independent Directors to be appointed by co-optation or for submission to decision by the General Shareholders Meeting, and proposals for re-election or removal of those Directors by the General Shareholders Meeting;
- (c) to report on proposals for the appointment of the other Directors to be appointed by co-optation or for submission to decision by the General Shareholders Meeting, and proposals for their re-election or removal by the General Shareholders Meeting;
- (d) to report on proposals for appointment and removal of senior managers and the basic terms of their contracts;
- (e) to examine and organise the succession of the Chairman of the Board of Directors and the chief executive of the Company and, if appropriate, to make proposals to the Board of Directors so that that succession shall occur in an orderly and planned manner;
- (f) to establish a goal for representation of the gender least represented on the Board of Directors, and developing guidance on how to achieve that goal;
- (g) to consider the suggestions posed thereto by the Chairman, the Board members, executives or shareholders of the Company;
- (h) to propose to the Board of Directors the remuneration policy for Directors and general managers or those performing senior management functions under the direct supervision of the Board, executive Committees or Chief Executive Officers, as well as the individual remuneration and other

contractual conditions of executive Directors, ensuring compliance therewith;

- (i) to assist the Board in the compilation of the report on the remuneration policy of the Directors and submit to the Board any other reports on retributions established in these Regulations.

4. The Nominations and Remuneration Committee shall meet every time it is convened by its Chairman, who must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever expedient for the proper development of its functions.

5. It shall be convened by the Chairman of the Committee, either at his own initiative, or at the request of the Chairman of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows a record of receipt.

6. The Nominations and Remuneration Committee shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by majority of members attending in person or by proxy.

7. Minutes of the resolutions adopted at each meeting shall be drawn up, which shall be reported to the Board in plenary session. The minutes shall be available to all Board members through the Office of the Secretary, but shall not be forwarded or delivered for reasons of discretion, unless otherwise ordered by the Chairman of the Committee.

ARTICLE 37. - OTHER COMMITTEES

1. The Board may agree to create other Committees, in which case it will establish the number of Directors who are to form such Committee or, where appropriate, the maximum and minimum number of members, as well as the competences or functions assigned to the Committee.

2. If the Board creates any new Committees, the rules established in sections 2, 4, 5, 6 and 7 of article 36 will apply, it being understood that the references in such sections to the Nomination and Remuneration Committee will be made to the new Committee, unless otherwise established by the Board.

ARTICLE 38.- ENTRY INTO FORCE

These Regulations have indefinite effectiveness and shall enter into force upon their approval by the Board of Directors, without prejudice to the fact that their provisions regarding the Company's status as a listed company shall take effect as from the day following the date of admission to official trading of the Company's shares on the Stock Markets through the Spanish Stock Exchange Networking System (*Sistema de Interconexión Bursátil Español: S.I.B.E.*).
