



**PROPOSED RESOLUTIONS FOR THE 2016 ORDINARY GENERAL
SHAREHOLDERS' MEETING**

**First call: 17 March 2016
Second call: 18 March 2016**

MEETING AGENDA

1. To examine and, if appropriate, approve the 2015 financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements) and management report of Enagás S.A. and its Consolidated Group.
2. To approve, if appropriate, the proposed distribution of Enagás, S.A.'s profit for financial year 2015.
3. To approve, if appropriate, the performance of the Board of Directors of Enagás, S.A. in 2015.
4. To appoint Ernst & Young, S.L. as Auditor of Enagás, S.A. and its Consolidated Group for 2016, 2017 and 2018.
5. To re-elect Sociedad Estatal de Participaciones Industriales (SEPI) as Director for the four-year term provided for in the Articles of Association. Sociedad Estatal de Participaciones Industriales (SEPI) will serve as proprietary director.
6. To amend articles 3, 23, 44, 45 and 50 of the Articles of Association. The following proposals shall be voted on separately:
 - 6.1.- Amendment to article 3 ("*registered office, branches and electronic site*") to adapt it to the new wording given in article 285.2 of the Spanish Limited Liability Companies Law by virtue of Law 9/2015 of 25 May on Emergency Insolvency Measures.
 - 6.2.- Amendment to article 23 ("*exceptional convening*") and of article 50 ("*appointment of auditors*") to adapt them to the new wording given in articles 169, 265 and 266 of the Spanish Limited Liability Companies Law by virtue of Law 15/2015 of 2 July on Voluntary Jurisdiction.
 - 6.3.- Amendment to article 44 ("*Audit and Compliance Committee*") to adapt it to the provisions of EU Regulation no. 527/2014 of 16 April and to the wording given in article 529 quaterdecies of the Spanish Limited Liability Companies Law by virtue of Audit Law 22/2015 of 20 July.
 - 6.4.- Amendment to article 45 ("*Appointments, Remuneration and Corporate Social Responsibility Committee*") to enable the Board of Directors to resolve, where applicable, the separation of that Committee into two committees in accordance with the Good Governance Code recommendations announced by the Spanish National Securities Market Commission (CNMV).
7. To approve, for the purpose of article 529 novodecies of the Spanish Limited Liability Companies Law, the director remuneration policy for 2016, 2017 and 2018.
8. To approve, for the purpose of article 219 of the Spanish Limited Liability Companies Law, a long-term incentive plan that includes distributing shares, which will be applicable to the executive directors, the members of the Management Committee and the management personnel of both the Company and its group of companies.

9. To submit the annual report on directors' remuneration referred to in article 541 ter of the Spanish Limited Liability Companies Law to an advisory vote.
10. To delegate the Board of Directors, for a maximum of five years and with express replacement powers, the power to resolve issuing, one or more times, any fixed-income securities or analogous simple or secured debt instruments for a maximum of five billion euros (€5,000,000,000).
11. To delegate to the Board of Directors, for a maximum of five years and with express replacement powers, the power to resolve issuing, one or more times, any fixed-income securities or analogous convertible debt instruments or those which give the right to subscribe to Company shares or which can be exchanged or give the right to buy shares of the Company or of other companies, for a maximum of one billion euros (€1,000,000,000); and to increase share capital by the necessary amount and exclude, where applicable, the pre-emptive subscription right up to a limit of 20% of share capital at the time of this delegation of powers.
12. To draft a report, which is not subject to vote, on amendments to the "Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A." introduced since the last General Meeting of Shareholders for purposes of adapting them to the amendments introduced to the Spanish Limited Liability Companies Law by virtue of Audit Law 22/2015 of 20 July and to the Good Governance Code recommendations established by the Spanish National Securities Market Commission (CNMV).
13. To delegate authorisation to supplement, develop, implement, rectify and formalise the resolutions adopted at the General Meeting.

RESOLUTION 1

To examine and, if appropriate, approve the 2015 financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements) and management report of Enagás S.A. and its Consolidated Group.

The following proposed resolution is laid before the Ordinary General Meeting:

"To examine, and, if appropriate, approve the financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements) and management report of Enagás S.A. and its Consolidated Group for the financial year starting on 1 January 2015 and closing on 31 December 2015."

RESOLUTION 2

To approve, if appropriate, the proposed distribution of Enagás, S.A.'s profit for financial year 2015

The following proposed resolution is laid before the Ordinary General Meeting:

"To approve the distribution of Enagás, S.A. profit for financial year 2015, which included net profits of **€353,666,061.53**, in line with the following distribution proposal prepared by the Board of Directors:

Distribution	Euros
Legal reserve	0.00
Voluntary reserves	38,536,838.33
Dividend	315,129,223.20
Total results	353,666,061.53

To pay out an additional dividend amounting to **€189,077,533.92**. Said amount is the result of deducting from the financial year's total dividend, **€315,129,223.20**, the interim dividend of **€126,051,689.28** that was decided on by the Board of Directors on **23 November 2015** and paid to shareholders on **17 December 2015**.

The final dividend will be paid on **5 July 2016**.

The total dividend for the financial year being proposed for approval in accordance with the previous paragraph equates to a gross payment of **1.32** euros per share.

Once the interim dividend already paid (**0.528** euros gross per share) is deducted, the remaining payment will be for **0.792** euros per share, before tax deductions."

RESOLUTION 3

To approve, if appropriate, the performance of the Board of Directors of Enagás, S.A. in 2015.

The following proposed resolution is laid before the Ordinary General Meeting:

"To approve the performance of the Board of Directors of Enagás, S.A. in the 2015 financial year."

RESOLUTION 4

To appoint Ernst & Young, S.L.as Auditor of Enagás, S.A. and its Consolidated Group for 2016, 2017 and 2018.

Article 50 of the Articles of Association, pursuant to Article 264 of the *Ley de Sociedades de Capital* (Spanish Limited Liability Companies Law) states that the auditors of the Company's accounts shall be appointed by the General Meeting prior to the end of the financial year to be audited, for an initial period of time no less than three years nor in excess of nine, as of the date of commencement of the first year audited, who may be re-appointed by the General Meeting once the initial period has expired.

After the enactment of Audit Law 22/2015 of 20 July, which determines the options applicable in Spain from among those envisaged in EU Regulation no. 537/2014 of the European Parliament and of the Council of 16 April 2015, the Audit and Compliance Committee convened a tender designating the auditor for the coming years. The tender process, to which several reputable audit firms were invited, was carried out with complete independence so that the Committee could undertake its task. During the process, the Committee also took the necessary measures to ensure that the proposed firm met the suitability, independence and compatibility requirements imposed by the aforementioned provisions.

In view of the bids received and other factors, the Audit and Compliance Committee, by exercising the functions attributed to it in article 529 quaterdecies 4. e) of the Spanish Limited Liability Companies Law, submitted to the Board the proposal to appoint Ernst & Young, S.L. as the auditor of Enagás, S.A. and its consolidated group for 2016, 2017 and 2018.

In view of the Committee's proposal, the Board of Directors resolved to submit it to the General Shareholders' Meeting.

The following proposed resolution is laid before the Ordinary General Meeting:

"To appoint Ernst & Young, S.L., as Auditor of Enagás, S.A. and its Consolidated Group for 2016, 2017 and 2018. Said firm shall also be placed in charge of providing any other statutory auditing services needed by the Company until the next Ordinary General Meeting is held."

RESOLUTION 5

To re-elect Sociedad Estatal de Participaciones Industriales (SEPI) as Director for the four-year term provided for in the Articles of Association. Sociedad Estatal de Participaciones Industriales (SEPI) will serve as proprietary director.

On the occasion of this General Meeting, the four-year term of office provided for in the Articles of Association of the director Sociedad Estatal de Participaciones Industriales (SEPI), represented by its Vice President, Mr Federico Ferrer Delso, is due to expire.

Sociedad Estatal de Participaciones Industriales (SEPI) is a public entity governed by Law 5/1996 of 10 January and implementing regulations, with a 5% stake in the

share capital of Enagás, S.A., the voting rights of which are not subject to the limitations imposed by additional provision thirty-one of Hydrocarbons Law 34/1998 of 7 October.

Mr Federico Ferrer Delso, physical representative of the body corporate Sociedad Estatal de Participaciones Industriales (SEPI) on the Board of Directors is the Vice President of SEPI, as well as Vice President of mutual insurance company Fraternidad-Muprespa. He has a degree in economics and business studies and is a state trade expert. Among other posts, he has held the position of commercial attaché in Dallas, Trade Commissioner in Bucharest, Head of the Trade Office at the Spanish Embassy in Germany, Deputy Director General for Foreign Financing, a World Bank Executive Director for Spain, Mexico, Venezuela and Central America, Director General of Finance and International Relations at Spain's national credit institute (ICO), Trade and Economics Commissioner at the Spanish Embassy in Damascus, and Director of the European Investment Bank (EIB) and Director of ENAUSA.

The Board and the Appointments, Remuneration and Corporate Social Responsibility Committee highly value the performance of Mr Ferrer in exercising his functions in the course of his first term of office.

Board structure

After the proposed re-election, the Board will comprise thirteen members. The next Shareholders' Meeting can decide upon the existing vacancy until the maximum of fourteen members envisaged in the Articles of Association is completed.

Most of the Board members are independent directors. Of its thirteen members, eight are independent, while the number of women on the Board will remain at three, and these women will moreover exercise important functions within the Board: Ms Isabel Tocino Biscarolasaga is Chairwoman of the Appointments, Remuneration and Corporate Responsibility Committee. Ms Ana Palacio Vallelersundi is Lead Independent Director and Ms Rosa Rodríguez Díaz is a member of the Auditing and Compliance Committee.

Since 2012, the Company has separated the posts of Chairman of the Board of Directors and Chief Executive Officer and since 2010 it boasts a Lead Independent Director, the post held by Ana Palacio Vallelersundi, providing an additional guarantee that the Board is functioning properly.

By way of attachment to these proposed resolutions and forming an integral part of them, the reports of the Appointments, Remuneration and Corporate Social Responsibility Committee and of the Board of Directors as referred to in Article 529 of the Spanish Limited Liability Companies Law are placed at the shareholders' disposal.

In consideration of all these factors:

The following proposed resolution is laid before the Ordinary General Meeting:

To re-elect Sociedad Estatal de Participaciones Industriales (SEPI) as Director for the four-year term provided for in the Articles of Association. Sociedad Estatal de Participaciones Industriales (SEPI) will serve as proprietary director.

After this re-election, there will be thirteen directors.

RESOLUTION 6

To amend articles 3, 23, 44, 45 and 50 of the Articles of Association. The following proposals shall be voted on separately:

- 6.1.- Amendment to article 3 ("*registered office, branches and electronic site*") to adapt it to the new wording given in article 285.2 of the Spanish Limited Liability Companies Law by virtue of Law 9/2015 of 25 May on Emergency Insolvency Measures.
- 6.2.- Amendment to article 23 ("*exceptional convening*") and of article 50 ("*appointment of auditors*") to adapt them to the new wording given in articles 169, 265 and 266 of the Spanish Limited Liability Companies Law by virtue of Law 15/2015 of 2 July on Voluntary Jurisdiction.
- 6.3.- Amendment to article 44 ("*Audit and Compliance Committee*") to adapt it to the provisions of EU Regulation no. 527/2014 of 16 April and to the wording given in article 529 quaterdecies of the Spanish Limited Liability Companies Law by virtue of Audit Law 22/2015 of 20 July.
- 6.4.- Amendment to article 45 ("*Appointments, Remuneration and Corporate Social Responsibility Committee*") to enable the Board of Directors to resolve, where applicable, the separation of that Committee into two committees in accordance with the Good Governance Code recommendations announced by the Spanish National Securities Market Commission (CNMV).

In accordance with the provisions of Article 286 of the amended Spanish Limited Liability Companies Law and in conformity with the regulations of the Mercantile Registry, a report by the Company's Directors is attached to these proposed resolutions, which constitutes an integral part of same and serves by way of justification for the proposal to amend the Articles referred to.

The proposed amendments to articles 3, 44 and 45 will be voted on separately. The proposed amendments to articles 23 and 50 will be voted on jointly since the reason for the amendment is the same and the scope is very similar.

In consideration of all these factors:

The adoption of the following resolutions are proposed to the Ordinary General Shareholders' Meeting and will be subject to separate votes:

6.1.- Amendment to article 3 ("*registered office, branches and electronic site*") of the Articles of Association to adapt it to the new wording given in article 285.2 of the Spanish Limited Liability Companies Law by virtue of Law 9/2015 of 25 May on Emergency Insolvency Measures and whose full text is worded as follows:

ARTICLE 3. - REGISTERED OFFICE, BRANCHES AND WEBSITE

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

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

6.2.- Amendment to article 23 ("exceptional convening") and of article 50 ("appointment of auditors") of Articles of Association to adapt them to the new wording given in articles 169, 265 and 266 of the Spanish Limited Liability Companies Law by virtue of Law 15/2015 of 2 July on Voluntary Jurisdiction and whose full text is worded as follows:

ARTICLE 23. – EXCEPTIONAL CONVENING OF THE GENERAL MEETING

If the ordinary General Meeting is not summoned within the statutory time limit, it may be convened on the motion of any shareholders, a hearing having been granted to the Board of Directors, by the court secretary or companies registrar with jurisdiction at the place of the Company's registered office, who shall appoint the Chairperson of the General Meeting so convened.

This same mode of summoning the General Meeting shall be carried out with respect to the extraordinary General Meeting when so demanded by shareholders holding at least 3% of capital if the time limit referred to in article 21(2) expires.

ARTICLE 50. - APPOINTMENT OF AUDITORS

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

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

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

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

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

6.3.- To amend article 44 ("*Audit and Compliance Committee*") of the Articles of Association to adapt it to the provisions of EU Regulation no. 527/2014 of 16 April and to the wording given in article 529 quaterdecies of the Spanish Limited Liability Companies Law by virtue of Audit Law 22/2015 of 20 July and whose full text is worded as follows:

ARTICLE 44. - AUDIT AND COMPLIANCE COMMITTEE.

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

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

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

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

- *To inform the General Shareholders' Meeting on issues raised in the areas that lie within the Committee's competence and, in particular, about the audit result, explaining how it has contributed to the integrity of the financial reporting and the Committee's function during the process.*
- *To oversee the proper operation of the Company's internal control, its internal audit function and risk management systems, and discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit, all of this without undermining its independence. For such purposes and, where applicable, they can submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.*
- *To oversee the process of preparation and presentation of statutory financial reporting and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.*
- *To submit proposals to the Board of Directors for selecting, appointing, re-electing and replacing the auditor, being responsible for the selection process, in accordance with the applicable regulations, along with the terms of their contract, regularly evaluate information on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their functions .*
- *To liaise with the external auditor to obtain information on any issues that could compromise the latter's independence for review by the Committee or any other subjects related to the audit process and, where applicable, the*

authorisation of the services other than those forbidden, under the terms envisaged in the applicable regulations, and any other disclosures envisaged in the audit regulations and audit standards. In all cases, on an annual basis, the Audit Committee shall receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to detailed and individual information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them in conformity with the audit regulations.

- *To issue annually, prior to the issue of the audit report, a report giving an opinion on the independence of the auditors or audit firms. This report shall in all cases include an assessment of the additional services provided, as referred to in the previous section, considered separately and in their totality, that consists of services other than statutory audits and how they relate to the requirement of independence or to the audit regulations.*
- *To keep the Board of Directors informed, in advance, on all items provided for in the law, the Articles of Association and the Rules and Regulations on the Board of Directors, in particular, on:*
 - 1 *the financial information that the Company must periodically publish,*
 - 2 *the creation or acquisition of investments in special purpose vehicles or entities domiciled in jurisdictions considered tax havens, and*
 - 3 *Related-party transactions.*

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

"6.4.- *To amend article 45 ("Appointments, Remuneration and Corporate Social Responsibility Committee") to enable the Board of Directors to resolve, where applicable, the separation of that Committee into two committees in accordance with the Good Governance Code recommendations announced by the Spanish National Securities Market Commission (CNMV) and whose full text is worded as follows:*

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

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

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

- a) *To evaluate the competencies, knowledge and experience required on the Board of Directors. To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties.*
- b) *To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.*
- c) *To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting*
- d) *To report proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting*
- e) *Report on proposed appointments and removals in senior management and the basic terms of their contracts.*
- f) *To examine and organize the succession of the Company's Chairman and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.*
- g) *To propose to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other terms of Executive Directors' contracts, ensure that said policy is abided by.*
- h) *To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues.*

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

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

RESOLUTION 7

To approve, for the purpose of article 529 novodecies of the Spanish Limited Liability Companies Law, the director remuneration policy for 2016, 2017 and 2018.

Article 529 novodecies of the amended Spanish Limited Liability Companies Law stipulates that the policy for directors' remuneration shall be as per the remuneration system provided for in the Articles of Association, and shall be approved by the General Shareholders' Meeting at least every three years as a separate item on the agenda. The grounds for the proposed remuneration policy of the Board of Directors shall be stated and the proposal must be accompanied by a specific report from the Appointments and Remuneration and Committee. Both documents will be made available to the shareholders on the Company's website after notice of the General Meeting has been given. The directors' remuneration policy, approved as set forth above, will remain valid for three fiscal years after being approved by the General Meeting. Any amendment to or replacement of this policy during said period will require the prior approval of the General Shareholders' Meeting, in accordance with the procedure established for its approval. Any remuneration paid to directors for holding or being removed from their positions and for performing executive functions must be consistent with the director remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting.

As a result of the Ordinary General Meeting in 2015, the Board applied the transitional provision of Law 31/2014 of 3 December, amending the Spanish Limited Liability Companies Law to improve corporate governance, and submitted the Annual Report on Directors' Remuneration Report to advisory vote, which included a remuneration policy that was automatically considered as the remuneration policy approved for the 2015-2018 period. Nevertheless, as part of the documentation for the Shareholders' Meeting, the Board made the following report available to shareholders: *"Report from the Board of Directors of Enagás, S.A. to the shareholders explaining why its remuneration policy for 2015 does not include long-term variable remuneration and stating its commitment to include such remuneration starting in 2016"*. In that report, the Board detailed the reasons why it proposed to maintain the same prudent remuneration policy in 2015 since 2008, and undertook to submit a new policy in 2016 for the 2016-2018 period that would include a long-term remuneration incentive to meet the best corporate governance practices since this would align the managers' interests with those of the shareholders and the inclusion in Enagás' remuneration structure had been persistently demanded by a large number of institutional shareholders and proxy advisors.

The inclusion of a long-term remuneration incentive now forms part of the recommendations of the Code of Good Governance of listed companies, published by the National Securities Market Commission (CNMV) in February of last year (recommendations 56 to 64).

To comply with this commitment, the Board submitted for the Shareholders' Meeting's approval the director remuneration policy for 2016, 2017 and 2018, (hereinafter the **"Director Remuneration Policy"** or the **"Policy"**) which includes a long-term remuneration incentive for this period.

The Policy was proposed to the Board by the Appointments, Remuneration and Corporate Social Responsibility Committee, which held meetings specifically for this Policy on 4 November 2015, 1 December 2016 and 2 February 2016. The Committee approved the proposal at its meeting on 2 February 2016, in accordance with the provisions of article 529 quindecies of the Spanish Limited Liability Companies Law and article 45 of the Articles of Association. The Committee hired

independent external advisory firm Willis Towers Watson, which analysed the current remuneration positioning of the Company's directors and managers and submitted several options on how to update this positioning. The Committee also hired Garrigues, which provided advice about the legal factors of this policy. The Committee drafted the specific report referred to in article 529 novodecies of the Spanish Limited Liability Companies Law and was made available to shareholders in the way envisaged therein.

The Committee focused especially on article 217 of the Spanish Limited Liability Companies Law, in the sense that the directors' remuneration must, in any case, have a reasonable proportion to the company's importance, its financial situation at any given time and the market standards for comparable companies. The remuneration system established must be aimed at fostering long-term profitability and sustainability and including the necessary precautions to avoid taking excessive risk and having to offset unfavourable results.

For the purposes envisaged in article 529 septedecies of the Spanish Limited Liability Companies Law, the policy submitted for the Shareholders' Meeting's approval includes the maximum annual remuneration amount to be paid to all the directors in their status as such during the years in which the policy is applied. Likewise, for the purposes envisaged in article 529 octodecies of the Spanish Limited Liability Companies Law, the policy submitted for the Shareholders' Meeting's approval includes, regarding the directors with executive functions, the amount of the fixed annual remuneration and the variation therein in the period, the different parameters for setting the variable components and the main conditions of directors' contracts and, in particular, the length of their contracts, compensation for early removal or termination of the contractual relationship, and exclusivity, post-contractual non-competition and seniority or loyalty arrangements.

For the purposes envisaged in article 529 novodecies of the amended Spanish Limited Liability Companies Law and article 36 of the Articles of Association, the Board of Directors has resolved to submit for the Shareholders' Meeting's approval the proposed "Director remuneration policy for 2016, 2017 and 2018", set forth in the document made available to the shareholders for such purpose and which includes the aforementioned legal and bylaw requirements.

Attached to this proposed resolution and as an integral part thereof, the company made available to shareholders: (i) the Director Remuneration Policy for 2016, 2017 and 2018 that is submitted for approval by the General Shareholders' Meeting as item 7 on the Agenda for purposes of article 529 novodecies of the Spanish Limited Liability Companies Law and article 36 of the Articles of Association, and (ii) the report from the Appointments, Remuneration and Corporate Social Responsibility Committee regarding that policy.

In consideration of all these factors:

The following proposed resolution is laid before the Ordinary General Meeting:

"For the purposes envisaged in article 529 novodecies of the amended Spanish Limited Liability Companies Law and article 36 of the Articles of Association, to approve the "Director remuneration policy for 2016, 2017 and 2018", set forth in the document made available to the shareholders for such purpose on occasion of the meeting convened."

RESOLUTION 8

To approve, for the purpose of article 219 of the Spanish Limited Liability Companies Law, a long-term incentive plan that includes distributing shares, which will be applicable to the executive directors, the members of the Management Committee and the management personnel of both the Company and its group of companies.

The Director Remuneration Policy for 2016, 2017 and 2018, which will be submitted for the Shareholders' Meeting's approval for the purposes envisaged in article 529 novodecies of the Spanish Limited Liability Companies Law, means including long-term incentives in the remuneration structure for executive directors and the management team. A first programme will be established for the 2016-2018 period under the terms and for the reasons amply described in this policy and in the report from the Appointments, Remuneration and Corporate Social Responsibility Committee made available to shareholders on occasion of the meeting convened, as established in the aforementioned legal provision.

Article 219 of the Spanish Limited Liability Companies Law states that, when the director remuneration system includes paying through shares or share options, or a share-based remuneration, this must be expressly envisaged in the Articles of Association and its implementation shall require a resolution from the General Shareholders' Meeting. The Meeting's resolution must include the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the plan.

In line with this, article 36 of the Articles of Association states that the directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other share-based remuneration systems. The implementation of said systems shall be presented to the General Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

In consideration of all these factors:

The following proposed resolution is laid before the Ordinary General Meeting:

"To approve, in accordance with the provisions of article 219 of the Spanish Limited Liability Companies Law and article 36 of the Articles of Association, a Long-Term Incentive Plan (hereinafter, the "**Plan**" or the "**Incentive**") for the executive directors and members of the management team (hereinafter, the "**Beneficiaries**") of Enagás, S.A. (hereinafter, "**Enagás**" or the "**Company**") and its group of companies.

The Plan was approved in accordance with the following basic features, which will be implemented in the Regulations for the 2016-2018 Long-Term Incentive (hereinafter, the "**Regulations**") to be approved by the Board of Directors (hereinafter, the "**Board of Directors**"):

(1) **Description and purpose of the Plan**

The Plan will enable the Beneficiaries to receive, after a certain period of time, an incentive payable in Enagás shares and in cash, provided that the Company's strategic objectives established in the Plan are met.

The Plan is aimed at motivating the Beneficiaries and making them loyal as much as possible, and giving them an incentive so that the Company can obtain good results, aligning the Beneficiaries' interests with those of the shareholders' long-term value.

The Plan will grant each Beneficiary, without consideration (i) a certain number of performance shares (hereinafter, "**Performance Shares**") and (ii) a target cash incentive (hereinafter, "**Target Cash Incentive**") which, based on the level of achievement of certain targets (hereinafter, "**Level of Achievement**") and if the Plan's requirements are met, will be the basis for establishing the number of Enagás shares to be delivered and the gross cash amount to be paid, where applicable, to each Beneficiary.

Until the Company shares are not delivered, the Plan does not grant the Beneficiaries the status of Company shareholders. In any case, the Performance Shares do not grant economic or political rights over the Company shares or any other types of shareholder rights.

The Beneficiaries will become Company shareholders only when the Plan is settled and, where applicable, the corresponding shares are delivered.

(2) **Beneficiaries**

The members of the Management Committee and the other management team of Enagás and its group of companies expressly invited by the Enagás Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, as well as the members of the Board of Directors with executive functions (hereinafter, "**Executive Directors**", "Management Committee members" and "**Managers**") designated by the General Shareholders' Meeting (hereinafter, "**General Shareholders' Meeting**") of Enagás shall be considered as the Plan's Beneficiaries. The Company will send an invitation letter (hereinafter, "**invitation letter**") to take part in the Plan.

It is estimated that the Plan will have 43 Beneficiaries, without prejudice to further additions.

For such purposes, Enagás' General Shareholders' Meeting designated the following Executive Directors as the Plan's Beneficiaries:

Mr Antonio Llardén Carratalá, Chairman of the Board of Directors.

Mr Marcelino Oreja Arburúa, CEO the Board of Directors.

It is expressly stated that the Company's Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, can resolve to include new Beneficiaries in the Plan in the event that they are managers or key employees for Enagás' future and the Company wants to make sure that they stay.

(3) **Duration and settlement of the Plan**

The Plan's duration (hereinafter, "**Duration**") will start on 1 January 2016 (hereinafter, "**Start Date**") and end on 31 December 2018 (hereinafter, "**End Date**"), without prejudice to the Plan's effective settlement.

Notwithstanding the foregoing, the Plan will formally start, where applicable, once it is approved by the General Shareholders' Meeting, which will be held on 18 March 2016 (hereinafter, "**Plan Approval Date**"). Another initial date after 1 January 2016 can be established in the Invitation Letter for the Beneficiaries that join the Plan after that date.

The Plan's settlement date (hereinafter, "**Settlement Date**") is scheduled for after the 2018 financial statements are approved by the Company's General Shareholders' Meeting; in any case, the Plan will be settled before 31 July 2019.

(4) **Number of Performance Shares and Target Cash Incentive to be allocated to each Beneficiary**

The Company will establish the Initial Incentive (hereinafter, "**Initial Incentive**") granted to each Beneficiary in the Invitation Letter. This Initial Incentive will be the sum of a specific number of Performance Shares and of a Target Cash Incentive

The Initial Incentive allocated to the Beneficiaries under this Plan will be determined, therefore, in accordance with the following formula:

$$I_I = Nps + ITm$$

Where:

- **I_I** = Initial incentive to be allocated to each Beneficiary based on his/her professional level.
- **Nps** = Number of Performance Shares to be allocated to each Beneficiary, rounding it up to the nearest whole number by default.
- **ITm** = Target Cash Incentive to be allocated to each Beneficiary based on his/her professional level.

The number of Performance Shares will be obtained by applying the following formula:

$$Nps = ITps / PMA$$

Where:

- **ITps** = Target Incentive to be allocated to each Beneficiary by the Company to determine the number of Performance Shares.
- **PMA** = Arithmetic mean rounded off to two decimal digits of the closing share price of Enagás on 31 December 2015 and of the 20 sessions before and after that date (€26.36 per share).

The Company's Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, can allocate new Performance Shares and another Target Cash Incentive by increasing

the number of Beneficiaries or increasing the number of Performance Shares and Target Cash Incentive initially allocated to the Beneficiaries, except in the case of the Executive Directors, whose allocation will require a resolution from the General Shareholders' Meeting.

The Initial Incentive for the Executive Directors is established at €1,470,000 for Mr Antonio Llardén Carratalá and €585,000 for Mr Marcelino Oreja Arburúa.

(5) **Number of shares and gross cash amount to be delivered when the Plan is settled**

The Initial Incentive's allocation must comply with the following rules:

- Regarding the Executive Directors, 100% of the Initial Incentive will be instrumented by granting Performance Shares.
- Regarding the Management Committee members, 75% of the Initial Incentive will be instrumented by granting Performance Shares and 25% through the Target Cash Incentive.
- Regarding the Managers, 50% of the Initial Incentive will be instrumented by granting Performance Shares and 50% through the Target Cash Incentive.

The total number of shares and gross cash amount to be delivered to each Beneficiary on the Settlement Date will be determined in accordance with the following formula:

$$I_F = (Nps \times GCI) + (ITm \times GCI)$$

Where:

- **I_F** = Final Incentive, corresponding to the number of Company shares to be delivered, rounded up to the nearest whole number by default, and the gross cash amount to be paid to each Beneficiary on the Plan's Settlement Date.
- **Nps** = Number of Performance Shares allocated to the Beneficiary.
- **GCI** = Level of Achievement of the Incentive, based on the degree of compliance with the Plan's targets and which will be determined in accordance with that established in section 8 below.
- **ITm** = Target Cash Incentive allocated to the Beneficiary.

In any case, the Company will take away, from the shares to be delivered to the Beneficiaries (from the Performance Shares), the number of necessary shares so that, with the result of the sale, the Beneficiaries can settle the corresponding personal income tax payments on account as a result of receiving the shares.

The maximum amount of shares authorised by the General Shareholders' Meeting also takes into account the necessary shares so that new Performance Shares can be granted to new Beneficiaries or to the existing Beneficiaries (hereinafter, "**Performance Share Reserve**"). In this case, this must be resolved by the Company's Board of Directors after a favourable report from the Appointments, Remuneration and Corporate Social Responsibility Committee, except in the case of the Executive

Directors, whose allocation will require a resolution from the General Shareholders' Meeting.

(6) Maximum number of shares to be delivered

In accordance with the preceding sections, the maximum number of shares to be delivered as a result of the initial allocation of the Performance Shares to all the Beneficiaries will be 279,675, of which 69,711 correspond to Mr Antonio Llardén Carratalá and 27,744 to Mr Marcelino Oreja Arburúa.

This number of shares includes the possible number of shares to be delivered, without discounting the shares which, where applicable, are used to pay the corresponding personal income tax on account, in the event that the maximum coefficients regarding the target achievements are applied.

Additionally, the Plan envisages that 27,968 shares can be delivered to the Beneficiaries as a result of granting the new Performance Shares (Performance Share Reserve).

Therefore, the Plan's total maximum amount of shares is 307,643.

Among other measures, the Company can use the shares in its portfolio or use the financial instruments advisable in any given situation to cover the Plan.

(7) Share price used as the reference

The share price used as the reference for the Plan will be the arithmetic mean rounded off to two decimal digits of the closing share price of Enagás on 31 December 2015 and of the 20 sessions before and after that date (€26.36 per share).

(8) Metrics

The Level of Achievement of the Incentive will depend on the degree of compliance with the Plan's targets.

The specific number of Enagás shares and the gross cash amount to be delivered to each Beneficiary on the Settlement Date, if the conditions established for this take place, will be established in accordance with the Level of Achievement of the following targets in the 2016-2018 period: (i) the accumulated results corresponding to the Funds From Operations (hereinafter, "**FFO**"), (ii) the accumulated cash flows received from the investees (hereinafter, "**Dividend**"), (iii) the Total Shareholder Return (hereinafter, "**TSR**") compared with 15 other reference companies (16 companies in total, including Enagás) and (iv) compliance with the Sustainability Plan (hereinafter, "**Sustainability Plan**").

In each case and based on the Beneficiaries' level, the Board of Directors will determine the weighting of the aforementioned metrics to establish the Incentive to be paid.

For the FFO and Dividend, a Level of Achievement of the target will be established between 0% and 125% based on the previously established target scale. The level of achievement arising from the target will be calculated through linear interpolation. The Level of Achievement arising from the target will be calculated through linear interpolation.

For the TSR, a Level of Achievement will be established based on Enagás' ranking among the 16 comparables (hereinafter, "**Comparable Group**"). The ranking will be as follows:

Objetivo RTA (Posición en el ranking)	Grado de Consecución del Objetivo (GCO _{RTA}) (%)
1 ^a – 4 ^a	125%
5 ^a	104%
6 ^a	83%
7 ^a	61%
8 ^a	40%
9 ^a - 16 ^a	0%

The companies used as the reference for the TSR in the Plan are as follows:

COMPARABLE GROUP 15 COMPANIES	
CÉNTRICA	RED ELÉCTRICA
ENEL	REN
ENGIE	RWE
E.ON	SEVERN TRENT
IBERDROLA	SNAM
GAS NATURAL FENOSA	TERNA
NATIONAL GRID	UNITED UTILITIES
PENNON GROUP	

To determine the TSR, and with the aim of preventing atypical movements in the indicator, the arithmetic mean rounded off to two decimal digits of the closing share price on 31 December 2015 and of the 20 sessions before and after that date will be taken into account as the reference values both on the date before the start of the Duration (31 December 2015) and on the End Date (31 December 2018).

For the Sustainability index, the Board of Directors will decide on the Level of Achievement of Enagás' 2016-2018 Sustainability Plan.

(9) Requirements for obtaining the Incentive

The requirements enabling the Beneficiary to receive the Incentive arising from this Plan are as follows:

1. The Plan's targets must be term under the terms and conditions established in its Regulations.
2. The Beneficiary must stay at the Company or at its group of companies until the Plan's Settlement Date, except under special circumstances such as death, permanent disability, retirement and other circumstances established in the Regulations and which must be approved by the Company's Board of Directors. Such special circumstances which enable the Beneficiary to obtain the Incentive include the removal of the Executive Directors through a resolution from the General Shareholders' Meeting (unless this is due to their negligence or disloyalty) and the loss

of the executive status. In the event of voluntary resignation or fair dismissal, the Beneficiary will, therefore, lose the right to receive the shares under this Plan.

(10) Delivery of shares and availability system

Where applicable, the shares deriving from the Plan's settlement will be delivered to the Beneficiaries in their corresponding securities account by book-entry or the applicable stock market procedure.

The shares received through this Plan will be fully paid up, listed and free of any charges and encumbrances and, in general, their holders will be subject to the limits or restrictions applicable to the general Company shareholders under the contractual, bylaw or legal provisions.

The foregoing will not be applicable to the Company's Executive Directors, which will be subject to the limit that includes the obligation to keep the shares received (net of the corresponding personal income tax payments on account) for two years. Once that period has elapsed, the shares will be freely available.

(11) Early settlement of the Plan

The Plan can envisage early settlement circumstances in the event of a takeover or a change of control at the Company or if a corporate event or transaction significantly affects the Plan in the Board's opinion.

(12) Management and administration of the Plan

At the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, Enagás' Board of Directors will adopt, in each case, the appropriate resolutions so that the Plan can be correctly managed and administered. Specifically, the Company has granted the Board of Directors with the broadest powers, and these can be delegated by the Board to the Appointments, Remuneration and Corporate Social Responsibility Committee, the Executive Chairperson of the Board of Directors, the Chief Executive Officer, or any other person to whom the Board expressly empowers for such purpose to execute this resolution and implement, develop, formalise, execute and settle the Plan when and how this is deemed fit, adopting the necessary or appropriate agreements and signing any public or private documents with full effects, with the power to remedy, rectify, amend and supplement this resolution.

And, in general, to adopt any agreements and carry out the necessary or merely appropriate actions for a successful resolution and to implement, execute and settle the Plan, including, but not limited to, and always within the terms and conditions envisaged in this resolution, the following powers:

- (i) Implement and execute the Plan when this is deemed fit and in the specific way believed to be appropriate.
- (ii) Develop and establish the Plan's specific terms and conditions where not envisaged in this resolution, being able to approve and publish the Plan's Regulations, including the possibility of establishing early settlement circumstances for the Plan.
- (iii) In the event that the legal system applicable to some Enagás Beneficiaries requires or warrants this, or if this is necessary or

appropriate for legal, regulatory, operational or other similar reasons, adapt the stated basic terms and conditions generally or individually, including, but not limited to, the possibility of adapting the share delivery mechanisms without changing the maximum number of shares linked to the Plan and envisaging and executing the Plan's partial or full cash settlement.

- (iv) Decide not to execute the Plan or render it partially or fully null and void, and exclude certain groups of potential Enagás Beneficiaries when the circumstances warrant this.
- (v) Draft, sign and submit any necessary or appropriate supplementary communications and documentation to any public or private body for the purpose of implementing, executing or settling the Plan, including, if necessary, the corresponding prior communications and information brochures.
- (vi) Carry out any actions or formalities or make any statements at any public or private body, institution or registration office to obtain any necessary authorisations or verifications to implement, execute or settle the Plan and deliver the Enagás shares.
- (vii) Negotiate, arrange and sign contracts of any type with financial institutions or other types that are freely designated, under the terms and conditions deemed appropriate, necessary or fit for implementing, executing or settling the Plan, including, if necessary, when this is necessary or appropriate for the legal system applicable to some of the Beneficiaries or if this is necessary or appropriate for legal, regulatory, operational or other similar reasons, the establishment of any legal status or the arrangement of agreements with any types of institutions for depositing, custodial, holding and/or administering the shares and/or their subsequent delivery to the Beneficiaries within the framework of the Plan.
- (viii) Draft and publish as many notices as necessary or appropriate.
- (ix) Draft, sign, grant and, if applicable, certify any kind of document relating to the Plan.
- (x) Adapt the Plan's content to the company circumstances and operations that may take place over the Duration, referring both to Enagás and to the companies that form part of the Comparable Group at any given time, under the terms and conditions considered to be necessary or appropriate at any given time to maintain loyalty to the Plan, and even settling the plan early. Specifically, change the composition of the Comparable Group of companies as a result of corporate operations that lead to changes or the disappearance of such companies, establish the references for determining the Performance Shares to be allocated, and establish and adjust the corresponding metrics and their corresponding target scales in accordance with the Company's situation at any given time. All of this will be within the Plan's limits approved by the General Shareholders' Meeting.
- (xi) And, in general, carry out any actions, adopt any resolutions and sign any documents that are necessary or merely appropriate for the validity, effectiveness, implementation, development, execution, settlement and performance of the Plan and of the previously adopted resolutions.

RESOLUTION 9

To submit the Annual Report on Directors' Remuneration referred to in article 541 of the Spanish Limited Liability Companies Law to an advisory vote.

Article 541 of the amended Spanish Limited Liability Companies Law stipulates that boards of listed "sociedades anónimas" must draw up and publish a report on directors' remuneration, including remuneration they receive or must receive in their capacity as directors and, where applicable, remuneration for carrying out executive functions. The Annual Report on Directors' Remuneration shall be submitted to an advisory vote as a separate item on the agenda of the Ordinary General Shareholders' Meeting.

The transitional provision of Law 31/2014 of 3 December, introduced by Article 529 novodecies of the amended Spanish Limited Liability Companies Law, stipulates, for the purposes of its application, that if the first Ordinary General Shareholders' Meeting held after 1 January 2015 issues consultative approval to the report on directors' remuneration, it shall be understood that the company's remuneration policy in the report has also been approved for the effects of the provisions of article 529 novodecies, and this article shall apply to the company as of that time.

To apply this transitional provision, the Board submitted to the General Shareholders' Meeting on 27 March 2015 for an advisory vote the Annual Report on Directors' Remuneration for 2014 as item 10 on the Agenda, which was approved and became part of the director remuneration policy for the purposes of article 529 novodecies. This is without prejudice to the fact that the Board had already announced to the Shareholders' Meeting its wish to submit, which has been done, a new Director Remuneration Policy for 2016, 2017 and 2018 on occasion of the ordinary meeting for 2016 where this proposal will be submitted.

Consequently, the Annual Report on Directors' Remuneration which is submitted for an advisory vote must be understood as that referring to the Director Remuneration Policy approved by the Shareholders' Meeting on 27 March 2015 in the way described.

This report is in keeping with the provisions of article 541 of the amended Spanish Limited Liability Companies Law, which includes the remuneration of directors, including remuneration they receive or must receive in their capacity as directors and, where applicable, remuneration for carrying out executive functions. The report is in keeping with the contents and structure determined by the Spanish Ministry of Finance and Competitiveness and the National Securities Market Commission (CNMV), and includes (i) clear, comprehensive and comprehensible information concerning the remuneration of directors applicable to the current year; (ii) a global overview of application of the Director Remuneration Policy during the preceding year; (iii) in addition to details of the individual remuneration packages accruing for all concepts and for each of the directors during that year.

By way of attachment to these proposed resolutions and forming an integral part of them, the Annual Report on Directors' Remuneration is placed at the shareholders' disposal.

In consideration of all these factors:

The proposed advisory vote on the Annual Report on Directors' Remuneration, made available to shareholders, is laid before the General

Meeting for the purposes of article 541 of the amended Spanish Limited Liability Companies Law.

RESOLUTION 10

To delegate the Board of Directors, with express replacement powers, the power to resolve issuing, one or more times, any fixed-income securities or analogous simple or secured debt instruments for a maximum of five billion euros (€5,000,000,000).

Article 16 of the Articles of Association states that the General Shareholder's Meeting's responsibility to issue simple bonds or bonds convertible into shares, as well as other marketable securities, that recognise or create debt, subject to prevailing legislation. However, the General Shareholders' Meeting, in the legally provided terms, may delegate this faculty to the Board of Directors and, if applicable, agree to the exclusion of pre-emptive subscription rights. The Board of Directors may make use of the aforementioned delegation one or various times for a maximum of five years. They may also be authorised by the General Shareholders' Meeting to determine when the issue should be made and to establish those conditions not provided for in the General Shareholders' Meeting resolution. In the issue of bonds convertible into shares, the shareholders of the Company will have the right to pre-emptive subscription of the convertible bonds, without prejudice to the possibility that said right might be excluded in the cases and under the requisites established in prevailing legislation. The securities issues that Enagás subsidiaries make may be guaranteed by the Company.

The General Shareholders' Meeting on 25 March 2011 authorised the Board of Directors to issue bonds or other fixed income instruments, convertible or not convertible into shares of the Company and/or exchanged for shares in the Company or in other companies, for the total amount of four thousand million euros (€4,000,000,000) within a five year period starting from the date of the resolution; to set the bases and terms for the share conversion or exchange and for any required capital increase. This resolution will soon expire.

Law 5/2015, of 27 April, on Fostering Business Financing, amended article 406 of the amended Spanish Limited Liability Companies Law; in accordance with the new wording and unless otherwise envisaged in the Articles of Association and without prejudice to that envisaged for the issue of convertible debentures, the governing body will be competent to resolve on the issuance and listing of debentures, and on the granting of guarantees for the debenture issues; the General Shareholders' Meeting will be competent for resolving on the issuance of debentures convertible into shares or debentures that entitle their holders to a stake in the corporate guarantees.

When the Shareholders' Meeting was convened, the Board had the option to propose an amendment to article 16 of the Articles of Association to adapt it to the new wording of article 406 of the amended Spanish Limited Liability Companies Law, authorising the Board of Directors to issue debentures instead of the Shareholders' Meeting, although the latter would nevertheless be competent for resolving on the issuance of debentures convertible into shares. Nevertheless, the Board believes that, despite this being a legal option, the good corporate practice is to maintain the Shareholders' Meeting's powers as until now to resolve on the issuance of all types of debentures, without prejudice to delegating this power to the Board of Directors.

The Board will submit to the Shareholders' Meeting, as separate items on the Agenda, the proposed delegations of powers to the Board to issue both non-convertible and convertible debentures or other debt securities, for a five-year period in both cases.

By way of attachment to these proposed resolutions and forming an integral part of them, the Board of Directors' report justifying this proposal is included.

Therefore, in relation to the non-convertible debentures, item 10 on the Agenda,

The following proposed resolution is laid before the Ordinary General Meeting:

To delegate to the Board of Directors, with express replacement powers, subject to the provisions of articles 401 and subsequent of the Spanish Limited Liability Companies Law and article 319 of the Mercantile Registry Regulations, the power to resolve issuing any fixed-income securities or analogous debt instruments in accordance with the following terms and conditions:

1. *Securities addressed by the issuance*

The marketable securities referred to in this delegation of power include debentures, bonds and other fixed-income securities or analogous debt instruments in the form allowed by law, both simple and exchangeable for outstanding shares or other pre-existing securities of other companies. Likewise, this delegation of power can also be used to issue preference shares and other analogous securities, as well as commercial paper with or without this name (the "**Securities**"). The delegation of power includes the power to establish and/or renew continuous or open issuance programmes of debentures, bonds and other analogous fixed-income securities as well as commercial paper, with or without this name.

2. *Term*

The Securities can be issued one or more times, at any time, within five (5) years of the date of adopting this resolution, at the end of which period, the powers shall expire in respect of the unexercised portion.

3. *Maximum amount for the delegation of power*

The aggregate maximum amount of the Securities issued under this delegation of power cannot exceed the overall amount of five billion euros (€5,000,000,000) or the equivalent in another currency.

For clarification, for debentures, commercial paper or similar securities issued under the issuance programmes covered by this resolution, the outstanding balance at any given time will be computed for the purpose of calculating this limit.

4. *Scope of the delegation of power*

The Board of Directors will determine the terms and conditions of each issuance, including, but not limited to:

- a) The amount (while respecting the applicable quantitative limits).
- b) The place of issue (Spain or elsewhere) and the currency; if this is outside Spain, its equivalent in euros.

- c) The type of securities and their name, whether they are bonds or debentures, even subordinated ones, commercial paper or other analogous fixed-income securities or any other allowed by law, which can be partially or fully exchangeable (in the latter case, they must necessarily and/or voluntarily be optional by the holder and/or issuer) for outstanding shares or other pre-existing securities of other companies, or include call option rights.
- d) The issuance date(s).
- e) The number of securities and their nominal value.
- f) The interest rate, dates and procedures for paying the coupon, including the possibility of remuneration linked to the Company share price or any other indices or parameters.
- g) Their perpetual or redeemable nature and, in the latter case, the deadline and types of redemption and maturity date(s).
- h) The anti-dilution mechanisms and clauses, where applicable.
- i) The priority system or the subordination clauses, where applicable.
- j) The type of reimbursement, premiums and batches.
- k) The guarantees for the issuance, where applicable.
- l) The type of representation, through certificates or book entries or any other allowed by law.
- m) The system for subscribing to the securities.
- n) The applicable legislation.
- o) The request, where applicable, for listing on official or non-official secondary markets, organised or non-organised, in Spain or abroad, of the securities issued by virtue of this delegation of powers, with the requirements established in each case by the prevailing regulations and, in general, any other terms and conditions of the issuance.
- p) Where applicable, the designation of the Trustee and approval of the fundamental rules governing the legal relations between the Company and the syndicate of holders of the securities issued.
- q) Regarding the commercial paper, the total maximum amount of the programme(s), the maximum and minimum nominal amounts of the commercial paper to be issued, the issuance and award procedure or system and, in general, any other factors or terms and conditions of the issuers or programmes, including any subsequent changes.
- r) The necessary formalities, in accordance with the applicable securities market regulations, to execute the specific issuances resolved subject to this delegation of powers.

The delegation also includes the grant to the board of directors of the power, in each case, to decide the conditions for repayment of the fixed-income securities issued pursuant to this authorisation, and the power to use, to the extent applicable, the means of withdrawal referred to in article 430 of the Spanish Limited Liability Companies Law or any other means applicable. In addition, the board of directors is authorised, whenever it deems appropriate, and subject to the necessary official authorisations and, where appropriate, the approval of the Meetings of the respective Syndicates or bodies representing the holders of the securities, to amend the conditions for repayment of the fixed-income securities issued and the maturity thereof, as well as the interest rate, if any, of those included in each of the issuances made pursuant to this authorisation.

5. *Guaranteeing the securities issued by the subsidiaries*

The Board of Directors is also empowered, for five (5) years, to guarantee, in the name of the Company, within the aforementioned limits, the new securities which may be issued by the Company's subsidiaries during the valid period of this resolution.

6. *Listing*

The Board of Directors has been delegated the power to request listing on official or non-official secondary markets, organised or non-organised, in Spain or abroad, of the securities issued within this delegation of power. The Board of Directors, with express authorisation to be replaced by the Board Chairperson, the CEO and the Secretary, is empowered to carry out the necessary formalities and actions at the competent bodies of the Spanish or foreign stock markets for listing the securities.

Where applicable, the request to delist the securities issued by the Company while exercising this resolution is also authorised under the same terms. In any case, the delisting will be made in accordance with the prevailing legal regulations.

7. *Delegation of powers*

Without prejudice to the delegation of the specific powers included in the preceding sections (which must be understood as having been granted with express powers to be replaced on the bodies and by the persons detailed herein, the Board of Directors is empowered, with the broadest powers as possible in law and with the express powers to be replaced by the Board members deemed fit, including the Secretary or a third party when so resolved so that any of them, indistinctly and with a sole signature, can request any authorisations and adopt any resolutions that are necessary or appropriate for complying with the prevailing legal regulations, executing and carrying out this resolution, including performing any formalities and signing any public or private documents and information brochures that may be necessary while using the delegation of power addressed by this resolution.

With the approval of this resolution, the authorisation granted to the Board of Directors approved as item nine on the Agenda of the General Shareholders' Meeting on 25 March 2011 has been rendered null and void.

RESOLUTION 11

To delegate to the Board of Directors, for a maximum of five years and with express replacement powers, the power to resolve issuing, one or more times, any fixed-income securities or analogous convertible debt instruments or those which give the right to subscribe to Company shares or which can be exchanged or give the right to buy shares of the Company or of other companies, for a maximum of one billion euros (€1,000,000,000); and to increase share capital by the necessary amount and exclude, where applicable, the pre-emptive subscription right up to a limit of 20% of share capital at the time of this delegation of powers

For the reasons stated in the proposed resolution regarding the preceding item on the Agenda, the Shareholders' Meeting is requested to delegate to the Board the power to issue debentures or other securities convertible into shares.

The delegation of powers is made for a maximum of five years and is expressly conditional upon the fact that the total of the capital increases resolved by the Board of Directors, including the powers now delegated resolved during the year and those which may be made in accordance with other Shareholders' Meeting's authorisations, does not exceed the limit of half of the current share capital envisaged in article 297.1 b) *in fine* of the Spanish Limited Liability Companies Law, or 20% of that total share capital in the event that the issuance of convertible securities excludes the shareholders' pre-emptive subscription rights. With this limit, the proposal respects the good governance recommendations in this respect and, in particular, Recommendation 5 of the Code of Good Governance of listed companies, published by the National Securities Market Commission (CNMV).

By way of attachment to these proposed resolutions and forming an integral part of them, the Board of Directors' report justifying this proposal is included.

In consideration of all these factors:

The following proposed resolution is laid before the Ordinary General Meeting:

To delegate to the Board of Directors, with express replacement powers, subject to the provisions of articles 297.1.b), 401 and subsequent, 417 and 511 of the Spanish Limited Liability Companies Law and article 319 of the Mercantile Registry Regulations, the power to issue marketable securities in accordance with the following terms and conditions:

1. *Securities addressed by the issuance*

The securities referred to in this delegation of power include debentures, bonds exchangeable for shares of the Company or of other companies that may or may not belong to its Group, and/or those convertible into Company shares, and other fixed-income securities or analogous debt instruments in the form allowed by law, including, but not limited to, covered bonds, commercial paper, preference shares and warrants or other analogous securities which may directly or indirectly give the right to subscribe or acquire shares of the Company or of other companies that may or may not belong to its Group.

2. *Term*

The securities can be issued one or more times, at any time, within five (5) years of the date of adopting this resolution.

3. *Maximum amount for the delegation of power*

The total maximum amount of the securities issued cannot exceed one billion euros (€1,000,000,000) of the equivalent in another currency.

To calculate the aforementioned limit, the issuances made subject to the delegation of power included in Item 10 of the Agenda will not be calculated for such purposes. Regarding the warrants, the sum of the premiums and prices during the year which are resolved subject to this delegation of powers will be taken into account.

4. *Scope of the delegation of power*

The Board of Directors will determine the terms and conditions of each issuance, including, but not limited to:

- a) The amount (while respecting the applicable quantitative limits).
- b) The place of issue (Spain or elsewhere) and the currency; if this is outside Spain, its equivalent in euros.
- c) The name, whether they are bonds or debentures, including subordinated ones, any other allowed by law.
- d) The issuance date(s).
- e) The number of securities and their nominal value, which cannot be lower than the nominal of the shares.
- f) The interest rate, dates and procedures for paying the coupon, including the possibility of remuneration linked to the Company share price or any other indices or parameters.
- g) Their perpetual or redeemable nature and, in the latter case, the deadline and types of redemption and maturity date(s).
- h) Their convertible and/or exchangeable nature, and the possibility of making the conversion or exchange, or partially or fully redeeming the issue in cash at any time.
- i) The anti-dilution mechanisms and clauses.
- j) The priority system and the subordination clauses, where applicable.
- k) The type of reimbursement, premiums and batches.
- l) The guarantees for the issuance, where applicable.
- m) The type of representation, through certificates or book entries or any other allowed by law.
- n) The system for exercising or excluding the pre-emptive subscription rights regarding the shareholders and, in general, the system for subscribing and paying out the securities.
- o) The system envisaged for when the issue is not fully subscribed.
- p) The applicable legislation.
- q) The necessary formalities, in accordance with the applicable securities market regulations, to execute the specific issuances resolved subject to this delegation of powers.
- r) The request, where applicable, for listing on official or non-official secondary markets, organised or non-organised, in Spain or abroad, of the securities issued by virtue of this delegation of powers, with the requirements established in each case by the prevailing regulations and, in general, any other terms and conditions of the issuance.
- s) Where applicable, the designation of the Trustee and approval of the fundamental rules governing the legal relations between the Company and the syndicate of holders of the securities issued.

The delegation also includes the grant to the board of directors of the power, in each case, to decide the conditions for repayment of the fixed-income securities issued pursuant to this authorisation, and the power to use, to the extent applicable, the means of withdrawal referred to in article 430 of the Spanish Limited Liability Companies Law or any other means applicable. In addition, the board of directors is authorised, whenever it deems appropriate, and subject to the necessary official authorisations and, where appropriate, the approval of the Meetings of the respective Syndicates or bodies representing the holders of the

securities, to amend the conditions for repayment of the fixed-income securities issued and the maturity thereof, as well as the interest rate, if any, of those included in each of the issuances made pursuant to this authorisation.

5. Bases and types of conversions

The following criteria are established for the fixed-income securities convertible into Company shares made in accordance with the preceding sections and for the purposes of determining the bases and types of conversions:

- (i) The securities issued subject to this resolution can be partially or fully convertible into and/or exchangeable for newly-issued shares of the Company or exchangeable for shares in circulation of the Company, ordinary or other types of shares, in accordance with a fixed (determined or determinable) or variable conversion and/or exchange ratio, and the Board of Directors can decide whether or not they are necessarily or voluntarily convertible and/or exchangeable; if voluntary, this will depend on the holders or on the Company, with the frequency and during the period established in the issuance resolution and it cannot exceed thirty (30) years from the corresponding issue date. The Board of Directors can establish that the Company reserves the right to choose, at any time, either the conversion into newly-issued Company shares or the delivery of existing Company shares, specifying the nature of the shares to be delivered when making the conversion; it can even deliver a combination of newly-issued and existing Company shares, always respecting equal treatment between the holders of the securities that are converted on the same date. The Company can also choose to pay a cash amount to replace its obligation to partially or fully deliver shares.
- (ii) If the ratio of the conversion into and/or exchange for Company shares is fixed, the convertible and/or exchangeable debentures or bonds will be valued at their nominal amount and the shares at the fixed exchange rate determined in Board of Directors' resolution, or at the exchange rate determinable on the date(s) stated in the Board's resolution, and based on the Company share price on the date(s) or period(s) used as the reference for the resolution. In any case, the share price cannot be lower than the arithmetic mean for the closing price, the weighted average price or another share price reference in the electronic market during the period to be determined by the Board of Directors, which cannot be more than three (3) months or less than three (3) days before (i) the date of the Board meeting that uses this delegation of power to approve the securities issuance, or (ii) a specific date between the issuance announcement and the payment of the securities by the subscribers (both inclusive). Likewise, a premium or, where applicable, a discount can be established on that share price although, if a discount is established, it cannot be more than 25% of the share price used as the reference in accordance with that envisaged.
- (iii) The debentures or bonds can be issued with a variable conversion and/or exchangeable ratio. In this case, the share price for the purpose of the conversion and/or exchange will be the arithmetic mean for the closing price, the weighted average price or another share price reference in the electronic market during the period to be determined by the Board of Directors, which cannot be more than three (3) months or less than three (3) days before the conversion and/or exchange date, with a premium or, where applicable, a discount on the share price. The premium or discount can be different for each issue's conversion and/or exchange date (or, where applicable, for each

tranche) although, if a discount is established on the share price, it cannot be more than 25%. Notwithstanding the foregoing, within the terms decided by the Board, a minimum and/or maximum reference share price can be established as the limits for the conversion and/or exchange.

- (iv) When the conversion is made, the fractions of a share which have to be delivered to the securities holder will be rounded off in the way determined by the Board of Directors and each holder can receive, if the Board establishes this, in the event that the rounding off is by default, the difference in cash if this occurs.
- (v) Regarding the conversion ratio of the debentures into shares, the share value cannot be lower than its nominal amount in any case. Likewise, in accordance with the provisions of article 415 of the Spanish Limited Liability Companies Law, the debentures whose nominal amount is lower than that of the shares cannot be converted into shares.
- (vi) When approving the issuance of convertible and/or exchangeable debentures or bonds subject to the authorisation included in this resolution, the Board of Directors will issue a report which states and specifies, based on the aforementioned criteria, the bases and types of conversions that are specifically applicable to the stated issuance. This report will also include the auditor's report referred to in article 414.2 of the Spanish Limited Liability Companies Law.

The Board of Directors is delegated the power to develop and specify the bases and types of the aforementioned conversions and/or exchanges and, in particular, to determine the moment of the conversion and/or exchange, which can be limited to a period established in advance, those entitled to convert and/or exchange, which can be the Company itself or the holders of the debentures and/or bonds, the way in which the debenture holders will be paid (which can be through conversion, exchange, delivery of the cash amount or a combination of any of them or even a mandatory conversion, for which the Board will be free to choose the most appropriate method, even at the time of executing this) and, in general, any other factors or conditions which are necessary or appropriate for each issuance.

6. Bases and types of warrants and other analogous securities

The following criteria are established for warrants issues:

- (i) Regarding warrants issues, which will be governed by analogy by the provisions of the Spanish Limited Liability Companies Law applicable to the convertible debentures and to the determination of the bases and types of their exercise, the Board of Directors is empowered to determine, in the broadest terms, the criteria applicable to exercising the rights to subscribe or acquire the shares of the Company or of another that may or may not belong to its Group, or to a combination of any of them, arising from these types of securities that are issued subject to this delegation of power; in relation to such issuances, the criteria established in section 5 above will be applicable, with the necessary adaptations so that they can be compatible with the legal and financial system for these types of securities.
- (ii) The aforementioned criteria will be applied *mutatis mutandi* and insofar as they are applicable, in relation to the issue of fixed-income securities (or warrants) exchangeable for shares of other companies.

7. Capital increase

The Board of Directors is delegated the power to increase capital by issuing new ordinary shares with the necessary amount to deal with the requests for converting the convertible securities issued subject to this resolution. This delegation of powers is conditional upon the fact that the total of the capital increases resolved by the Board of Directors, including the powers now delegated resolved during the year and those which may be made in accordance with other Shareholders' Meeting's authorisations, does not exceed the limit of half of the current share capital envisaged in article 297.1 b) *in fine* of the Spanish Limited Liability Companies Law, or 20% of that total share capital in the event that the issuance of convertible securities excludes the shareholders' pre-emptive subscription rights. This authorisation to increase capital includes the power to issue and put into circulation, one or more times, the shares representing it which are necessary for carrying out the conversion, and to give new wording to the article of the Articles of Association regarding the capital amount and, where applicable, to annul the part of the capital increase that is not necessary for the conversion into shares.

8. Exclusion of pre-emptive subscription rights

Subject to articles 417 and 511 of the Spanish Limited Liability Companies Law, the Board of Directors is expressly delegated the power to partially or fully exclude the shareholders' pre-emptive subscription rights in the issuances of convertible debenture or bonds, warrants and other similar securities which may be resolved under this authorisation, when this is deemed necessary or appropriate for the Company's interests. In any case, if the power to exclude the pre-emptive subscription rights is exercised, the Board will issue, when approving the issuance and in accordance with the applicable regulations, a report detailing the specific reasons in the Company's interests to justify this measure, which will also be addressed in the correlative report issued by an independent expert in accordance with the provisions of articles 414.2, 417.2 y 511 of the Spanish Limited Liability Companies Law.

9. Listing

The Company will request, where applicable, the listing on official or non-official secondary markets, organised or non-organised, in Spain or abroad, of the securities issued by virtue of this delegation of powers, enabling the Board to carry out the necessary formalities and actions at the competent bodies of the Spanish or foreign stock markets for listing the securities.

It is expressly stated that, if there is a subsequent request for delisting, this will be made with the same formalities as the request for listing, insofar as this is applicable and, in this case, the interests will be guaranteed of the shareholders or debenture holders who challenged or did not vote in favour of the resolution under the terms envisaged in the prevailing legislation. Likewise, the Company is also expressly subject to the stock market that exist or which may be issued in the future, in particular, those regarding transactions, permanence and delisting.

10. Guarantee of the convertible and/or exchangeable fixed-income securities or warrants issued by Group companies

The Board of Directors is also empowered to guarantee, in the name of the Company, within the aforementioned limits, the new convertible and/or exchangeable fixed-income securities or warrants which may be issued by the subsidiaries during the valid period of this resolution.

11. Power to delegate and replace powers, and grant powers

Without prejudice to the delegation of the specific powers included in the preceding sections (which must be understood as having been granted with express powers to be replaced on the bodies and by the persons detailed herein), the Board of Directors is empowered, with the broadest powers as possible in law and with the express powers to be replaced by the Board members deemed fit, including the Board Secretary or a third party when so resolved, so that any of them, indistinctly and with a sole signature, can request any authorisations and adopt any resolutions that are necessary or appropriate for complying with the prevailing legal regulations, executing and carrying out this resolution, including performing any formalities and signing any public or private documents, agency contracts, insurance, calculation and other necessary items for issuing these types of securities, as well as information brochures that may be necessary while using the delegation of power addressed by this resolution.

12. Directors' report

In accordance with articles 286, 297.1.b) and 511 of the Spanish Limited Liability Companies Law, the Board of Directors has made the report justifying this proposed resolution available to the shareholders.

With the approval of this resolution, the authorisation granted to the Board of Directors approved as item nine on the Agenda of the General Shareholders' Meeting on 25 March 2011 has been rendered null and void."

RESOLUTION 12

To draft a report, which is not subject to vote, on amendments to the "Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A." introduced since the last General Meeting of Shareholders for purposes of adapting them to the amendments introduced to the Spanish Limited Liability Companies Law by virtue of Audit Law 22/2015 of 20 July and to the Good Governance Code recommendations established by the Spanish National Securities Market Commission (CNMV).

Pursuant to Article 528 of the amended Spanish Limited Liability Companies Law, on convening the Ordinary General Meeting the Board of Directors provides shareholders of the Company with a report explaining the scope and content of the amendment to the Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A., approved by the Board of Directors at a meeting on 21 December 2015 at the proposal of the Audit and Control Committee and the Appointments, Remuneration and Corporate Social Responsibility Committee.

This amendment is aimed at adapting the articles of the Rules and Regulations to the legislative reform introduced to the Spanish Limited Liability Companies Law by virtue of Audit Law 22/2015 of 20 July and to the Good Governance Code recommendations established by the Spanish National Securities Market Commission (CNMV) on 18 February 2015.

By way of attachment to these proposed resolutions and forming an integral part of them, the Board of Directors' report referring to this item on the Agenda is included.

RESOLUTION 13

To delegate authorisation to supplement, develop, implement, rectify and formalise the resolutions adopted at the General Meeting.

The following proposed resolution is laid before the Ordinary General Meeting:

- "One.- To delegate to the Board of Directors the broadest powers required to supplement, develop, implement and rectify any of the resolutions adopted at the General Meeting. The power to rectify shall include the power to make any required or advisable modifications, amendments and additions arising from any objections or remarks made by the regulatory bodies of securities markets, stock exchanges, the Companies Register or any other public authority with powers relating to the resolutions adopted.
- Two.- To delegate indistinctly to the Chairman of the Board of Directors, Mr. Antonio Llardén Carratalá, and the Secretary, Mr. Rafael Piqueras Bautista, and to each of the Board members, the powers required formally to draw up the resolutions adopted by the General Meeting and register those so requiring, in full or in part, with powers to that end to draw up all manner of notarised and non-notarised instruments, including those supplementing or rectifying those resolutions."

These draft resolutions were approved by the Board of Directors at its meeting on 15 February 2016.

The Secretary to the Board of Directors.
Rafael Piqueras Bautista
Enagás, S.A.