



**PROPOSED RESOLUTIONS FOR THE 2017 ORDINARY GENERAL
SHAREHOLDERS'
MEETING**

**First call: 30 March 2017
Second call: 31 March 2017**

MEETING AGENDA

1. To examine and, if appropriate, approve the 2016 financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements) and Consolidated directors' 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 2016.
3. To approve, if appropriate, the performance of the Board of Directors of Enagás, S.A. in 2016.
4. To appoint or re-elect members of the Board of Directors. The following proposals shall be put to vote separately:
 - 4.1 To appoint Mr Luis García del Río as Director for the four-year period. Mr Luis García del Río will be an Independent Director.
 - 4.2 To re-elect Ms Rosa Rodríguez Díaz as Director for the four-year period. Ms Rosa Rodríguez Díaz is an Independent Director.
 - 4.3 To re-elect Mr Martí Parellada Sabata as Director for the four-year period. Mr Martí Parellada Sabata will be another External Director.
 - 4.4 To re-elect Mr Jesús Máximo Pedrosa Ortega as Director for the four-year period. Mr Jesús Máximo Pedrosa Ortega will be a Proprietary Director at the behest of the Sociedad Estatal de Participaciones Industriales (SEPI).
5. Authorisation to the Board of Directors to decide to increase in the share capital in the terms and within the limits of articles 297.1 b) and 506 of the Corporate Enterprises Act, one or several times, for a maximum amount equal to half the capital existing at the time of the authorisation, within a period of five years counting from the Board's resolution; and to exclude, if applicable, the preferential right of subscription up to the limit of 20% of the share capital at the time of this authorisation.
6. To submit the annual report on directors' remuneration referred to in article 541 of the Corporate Enterprises Act to an advisory vote.
7. 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 2016 financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements) and Consolidated directors' report of Enagás S.A. and its Consolidated Group.

The following proposed resolution is laid before the Ordinary General Shareholders' 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 Consolidated directors' report of Enagás S.A. and its Consolidated Group for the financial year starting on 1 January and closing on 31 December 2016."

RESOLUTION 2

To approve, if appropriate, the proposed distribution of Enagás, S.A.'s profit for financial year 2016.

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

"To approve the appropriation of Enagás, S.A.'s net income for the 2016 financial year, which amounted to net profit of **€342,305,759.10**, in line with the following distribution proposal prepared by the Board of Directors:

- (i) Allocating an amount of €10,636,187.21 to the voluntary reserve.
- (ii) Payment of a dividend which was already wholly paid as an interim dividend by virtue of the Board of Directors' resolution of 21 November 2016, which is ratified for all that may be necessary, paid to shareholders on 22 December 2016, and which amounted to **€0.556** gross per entitled share, making a total of €132,565,199.05;
- (iii) Payment of a final dividend of **€0.834** gross per entitled share; the applicable taxes will be deducted from this amount. The total amount to be distributed for the whole of the 238,734,260 shares issued at this date would amount to €199,104,372.84.

The final dividend will be paid on **5 July 2017**.

The following table summarises the distribution of profit.

Distribution	Euros
Legal reserve	0.00
Voluntary reserves	10,636,187.21
To Dividends:	
Interim dividend	132,565,199.05
Final dividend (maximum amount to be distributed for a fixed dividend of €0.834 gross per share for the total of the 238,734,260 shares issued at that date)	199,104,372.84
Total results	342,305,759.10

Thus, together the interim dividend and the final dividend add up to a total of €1.39 gross per entitled share."

RESOLUTION 3

To approve, if appropriate, the performance of the Board of Directors of Enagás, S.A. in 2016.

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

"To approve the performance of the Board of Directors of Enagás, S.A. in the 2016 financial year."

RESOLUTION 4

4. To appoint or re-elect members of the Board of Directors. The following proposals shall be put to vote separately:

4.1 To appoint Mr Luis García del Río as Director for the four-year period. Mr Luis García del Río will be an Independent Director.

4.2 To re-elect Ms Rosa Rodríguez Díaz as Director for the four-year period. Ms Rosa Rodríguez Díaz is an Independent Director.

4.3 To re-elect Mr Martí Parellada Sabata as Director for the four-year period. Mr Martí Parellada Sabata will be another External Director.

4.4 To re-elect Mr Jesús Máximo Pedrosa Ortega as Director for the four-year period. Mr Jesús Máximo Pedrosa Ortega will be a Proprietary Director at the behest of the Sociedad Estatal de Participaciones Industriales (SEPI).

Appointment of Mr Luis García del Rio as an Independent Director

Given that this year the Ordinary General Shareholders' Meeting will be held a few days before the four-year period since he was appointed elapses, in order to provide the utmost legal certainty for the appointment of new directors in the next Shareholders' Meeting, in the Board meeting on 13 February 2017 Mr Pérez Simarro stepped down from his duties with effect from the day of the forthcoming Ordinary General Shareholders' Meeting, on 30 March 2017, at the first call on 30 March 2017 or at the second call on 31 March 2017. In order to cover the vacancy left by Mr Ramón Pérez Simarro, the Appointments, Remuneration and Social Corporate Responsibility Committee proposes that Mr Luis García del Rio be appointed as an Independent Director for the period of four years.

When selecting this proposed candidate, the Committee has adopted the guidelines set out in the Director Selection Policy, approved by the Board of Directors at the behest of the Committee on 21 November 2016. As provided for under this Policy, at least the following criteria have been taken into account in the selection procedure for the new Director:

- Adequate professional knowledge and experience.

- Requirements demanded by the Hydrocarbons regulation: candidates must be able to satisfy the independence requirements demanded in light of Enagás' position as an independent gas transmission network manager.
- Requirement of Independent Directors.
- Directors' commitment towards duties and obligations.

Although the Committee considers that its proposal is the most suited to the company's interests, the Committee has also taken into account the fact that Director appointment or re-election proposals need to encourage diversity in the Board. These requirements have been taken into account in the proposed Independent Director selection process, as well as all other conditions by which the proposed candidate may be considered to be ideal.

As a result of the foregoing, and as provided for under article 529 decies.4 and 529 quidecies. 3 c) of the Consolidated text of the Corporate Enterprises Act, the Committee proposes that Mr Luis García del Río be proposed as an Independent Director of the company. The Board has adopted the Committee's proposal as its own.

Born in 1966, Mr Luis García del Río is a Public Prosecutor on leave. After holding several positions in the Public Administration, he joined the Repsol Group in 2001. At Repsol his positions included being the Director of the Legal Advisory Department of Repsol Butano, S.A. and Secretary of its Board (2003-2005) as well as the Director of Legal Affairs for the Deputy Chairman's Departments of Exploration and Production and Liquefied Natural Gas of the Repsol Group (2005-2008).

Between 2012 and 2014 he was a Director of YPF, S.A (Independent Director), having been put forward for the position by the private shareholders following the Argentinian government's expropriation of the company.

He is currently an Arbitrator and practising Lawyer (Managing Partner of BMA-DRL Abogados).

Mr García del Río has a great deal of experience in energy regulation and sectors, including liquefaction and regasification projects, LNG shipping, oil and natural gas exploration and production), refining and marketing of oil, LPG and Natural Gas and the working of the gas system. He is also experienced in the control of legal risk in energy investment deals and in national and international energy arbitration.

The Committee has attached special importance to Mr García del Río's knowledge and experience in international projects connected with the energy sector in Natural Gas and LNG. In particular, it believes that his experience in projects in Latin America and in managing critical factors which have impacted these projects will be very useful for the Board of Directors of Enagás in engaging in the international activities which are part of its strategy.

Re-election of Ms Rosa Rodríguez Díaz as Independent Director.

The Appointments, Remuneration and Social Corporate Responsibility Committee proposes the re-election of Ms Rosa Rodríguez Díaz as an Independent Director for a further four-year period.

The Committee has applied the criteria set out in the *Director Selection Policy* approved by the Board of Directors and described above. The Committee attached particular importance to Ms Rodríguez's contribution to the Board and the Audit and Compliance Committee. It also values Ms Rodríguez's dedication to the positions she has held. Ms Rosa Rodríguez Díaz has personally attended all meetings of the

Board of Directors and of the Audit and Compliance Committee which have been held during her previous four-year tenure. Ms Rodríguez's presence enhances diversity in the Board's structure.

Ms Rosa Rodríguez Díaz holds a Ph.D in Economics and Business Studies and is a Lecturer at the Las Palmas de Gran Canaria University's Economics and Business Administration Faculty. She has formerly held the positions of Vice-Secretary of Tax Administration and Government Planning of the Autonomous Government of the Canary Islands and Deputy Chairman of the Island Government of Gran Canaria.

Taking into the account the foregoing and for the purposes of article 529 (decies) 4 and 529 (quindicies). 3 c) of the Consolidated Text of the Corporate Enterprises Act, the Committee proposes the re-election of Ms Rosa Rodríguez Díaz as Independent Director of the company. The Board has adopted the Committee's proposal as its own. Ms Rodríguez has refrained from taking part in the deliberations of the Board of Directors and from voting on the resolutions adopted by it referring to her proposed re-election.

Re-election of Mr Martí Parellada Sabata as Non-Executive Director

In accordance with applicable regulations, at the end of his present tenure, Mr Martí Parellada Sabata would relinquish his position as Independent Director as he would have been a Director of the company continuously for over 12 years.

The Board of Directors has adopted the practice of not proposing the re-election of Independent Directors who have continuously been directors for over 12 years and who would thus lose their status as Independent Directors if re-elected in accordance with article 529 (duodecies). 4 i) of the Consolidated Text of the Corporate Enterprises Act. Nevertheless, according to applicable laws, the Articles of Associations and the Rules of the Organisation and Functioning of the Board of Directors of Enagás, S.A., there is nothing to stop an Independent Director from being re-elected even if he or she has been a Director continuously for over 12 years, if there are sufficient grounds to justify that course of action and the overall structure of the Board continues to fulfil the company's good governance policy whereby most of the members of the Board of Directors have to be Independent Directors. In that case, as provided for under article 529 (duodecies) of the Consolidated Text of the Corporate Enterprises Act and article 9 of the Rules of the Organisation and Functioning of the Board of Directors of Enagás, the Director cannot be classified as Independent and will instead be included within the category of "other external Directors" pursuant to article 3.2.b3 of the Rules of the Organisation and Functioning of the Board of Directors.

In the specific case of the Director Martí Parellada Sabata, the Board, with the approval of the Appointments, Remuneration and Social Corporate Responsibility Committee, consists that on the whole there are sufficient grounds, in the company's interests, for him to remain on the Board of Directors of Enagás. His occupation as a Professor of Applied Economy helps the Board of Directors to have an overview of the general background in which the company operates, thereby completing the general skills map of the Board of Directors in different areas of expertise, and from a perspective which for the time being is not covered by other Board members. On top of his professional experience, he has an in-depth knowledge of the company's business and activities. He also applies very high standards in exercising his position as Director and equally so in his function as Chairman of the Audit and Compliance Committee, a role which the Board of Directors has entrusted to him on two occasions during his tenure. The Board and the Committee also value Mr Parellada's dedication to the company. Mr Parellada has attended all meetings of the Board of Directors and of the Audit and

Compliance Committee which have been held during his previous four-year tenure, as he did in his previous tenures.

Once he is re-elected, Mr Parellada will be redefined as "another external Director". However, this will not have a significant impact on the structure of the Board of Directors given that it will still have a majority of Independent Directors after the appointments and re-elections proposed to the General Shareholders' Meeting.

Once he is re-elected, Mr Parellada will no longer chair the Audit and Compliance Committee and the Board of Directors will appoint an Independent Director to replace him.

Hence, the Board, with the approval of the Appointments, Remuneration and Social Corporate Responsibility Committee, proposes that Mr Martí Parellada Sabata be re-elected as Director, and to be included within the "other external Directors" category. Mr Parellada has refrained from taking part in the deliberations of the Board of Directors and from voting on the resolutions adopted by it referring to his proposed re-election.

Mr Martí Parellada Sabata is a Professor at the University of Barcelona; a Member of the Board of Trustees and of the Standing Committee of Hospital Clinic de Barcelona; Vice President and Director of the Barcelona Economic Institute Foundation, and Trustee of the Energy and Environmental Sustainability Foundation. He has worked in a number of different fields, and carried out research activities in the fields of Training and human resources; University and growth and regional income distribution.

Re-election of Mr Jesús Máximo Pedrosa Ortega under the category of Proprietary Director at the behest of the Sociedad Estatal de Participaciones Industriales (SEPI)

The Sociedad Estatal de Participaciones Industriales (SEPI), as the shareholder of Enagás, S.A. has proposed that Jesús Máximo Pedrosa Ortega be re-elected as a proprietary Director.

The Board and the Appointments, Remuneration and Social Corporate Responsibility Committee consider that having two Proprietary Directors proposed by the Sociedad Estatal de Participaciones Industriales (SEPI) - the SEPI itself, a legal entity represented by its Vice-chairman Mr Federico Ferrer Delso, and Mr Pedrosa - on the Board does not breach Recommendation 16 of the Code of Good Governance of the National Securities Market Committee given that:

The percentage of proprietary directors out of all non-executive directors should not be greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital. This criterion can be eased:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

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., but the voting rights of which are not subject to the limitations determined by additional provision thirty-one of Hydrocarbons Law 34/1998 of 7 October. There are currently very few significant shareholdings in the

company's capital. The largest (5%) belongs to the Sociedad Estatal de Participaciones Industriales (SEPI), and it is the only one which does not correspond to an international mutual fund. In Enagás' case, this justifies relaxing the proportionality criterion set forth in recommendation 16, as outlined above, as the situation described in its section a) is applicable to the company.

The Board of Directors and the Appointments, Remuneration and Corporate Responsibility Committee attach great importance to Mr Pedrosa's performance in exercising his functions in the course of his previous term of office, and, notwithstanding his being a Proprietary Director, consider his contributions to the Board to be exemplary. They have also taken into account Mr Pedrosa's dedication to the company. Mr Jesús Máximo Pedrosa Ortega has attended all meetings of the Board of Directors and of the Appointments, Remuneration and Social Corporate Responsibility Committee which have been held during his previous four-year tenure.

In view of which, the Board of Directors, with the approval of the Appointments, Remuneration and Social Corporate Responsibility Committee, proposes to the General Shareholders' Meeting that Mr Jesús Máximo Pedrosa Ortega be re-elected as a Proprietary Director at the behest of the Sociedad Estatal de Participaciones Industriales (SEPI). Mr Pedrosa has refrained from taking part in the deliberations of the Board of Directors and the Appointments, Remuneration and Social Corporate Responsibility Committee, on which he sits, and from voting on the resolutions adopted by it referring to his proposed re-election.

Jesús Máximo Pedrosa was born in Palencia in 1946 and is an Industrial Engineer from the Madrid School of Industrial Engineering, specialising in energy techniques. He is also an inspector of the national Tax Authority, currently on leave of absence. He has worked in both the public sector, in the fields of Economics and the Treasury, and in the private sector, where he has held various positions of responsibility in different companies. He has been awarded the Order of Merit for Industrial Service and other distinctions.

Board structure

The Board of Directors and the Appointments, Remuneration and Social Corporate Responsibility Committee believe that thirteen members is an adequate number for the Board of Directors.

After the proposed appointments and re-elections, most of the Board members are Independent Directors. Of its thirteen members, seven 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 Biscalorasaga is Chairwoman of the Appointments, Remuneration and Corporate Responsibility Committee; Ms Ana Palacio Vallelersundi is the Lead Independent Director and Member of the Appointments, Remuneration and Social Corporate Responsibility Committee and Ms Rosa Rodríguez Díaz, who is now proposed for re-election, is Member of the Audit 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 Ms 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 decies of the Corporate Enterprise Act are placed at the shareholders' disposal.

Accordingly,

The following resolutions are proposed for adoption before the General Meeting, which will be subject to separate votes:

4.1 To appoint Mr Luis García del Río as Director for the four-year period. Mr Luis García del Río will be an Independent Director.

4.2 To re-elect Ms Rosa Rodríguez Díaz as Director for the four-year period. Ms Rosa Rodríguez Díaz is an Independent Director.

4.3 To re-elect Mr Martí Parellada Sabata as Director for the four-year period. Mr Martí Parellada Sabata will be another External Director.

4.4 To re-elect Mr Jesús Máximo Pedrosa Ortega as Director for the four-year period. Mr Jesús Máximo Pedrosa Ortega will be a Proprietary Director at the behest of the Sociedad Estatal de Participaciones Industriales (SEPI).

As before, there are thirteen Directors on the Board after this appointment and the re-elections.

RESOLUTION 5

Authorisation to the Board of Directors to resolve to increase in the share capital in the terms and within the limits of articles 297.1 b) and 506 of the Consolidated text of the Corporate Enterprises Act, one or several times, for a maximum amount equal to half the capital existing at the time of the authorisation, within a period of five years counting from the Board's resolution; and to exclude, if applicable, the preferential right of subscription up to the limit of 20% of the share capital at the time of this authorisation.

As provided for under article 297.1 b) of the Consolidated text of the Corporate Enterprises Act, the General Shareholders' Meeting, with the requirements established to amend the Articles of Association, will be entitled to authorise Directors to increase once or several times the share capital to a certain level when deemed appropriate and by the amount decided by them, without consulting the General Shareholders' Meeting. Such increases can never be higher than half the company's capital at the time of the authorisation and will have to be made using financial contributions within a period of no longer than five years counting from the resolution of the General Shareholders' Meeting.

Commercial companies, and listed companies in particular, need to fulfil certain market requirements, one of which is that their governing and administrative bodies must be able to make use of the opportunities offered by the corporate regulatory framework to react swiftly and efficiently to needs arising in the economic trade currently developed by major corporations. The Board of Directors believes that in view of the activity and the adequate management of the company's corporate interest, it should be able to increase the share capital and provide the company with new resources without the delays and costs entailed by calling the General Shareholders' Meeting. The General Shareholders' Meeting called on 30 March 2012 adopted a similar type of resolution but as it was adopted almost five years ago it is about to lapse. The Board of Directors considers that it is in the company's interest to continue having this legal possibility for obtaining funds.

Article 506 of the Consolidated text of the Corporate Enterprises Act provides that, for listed companies, when the General Shareholders' Meeting grants the Directors authorisation to increase share capital, they can also be empowered to exclude the preferential right of subscription in relation to issuers of shares which are delegated, if necessary in the company's best interests.

The resolution anticipates the delegation of powers to exclude the preferential subscription right, when the company's interests require it, up to a total maximum nominal amount equal to 20% of the share capital of the company on the date of the adoption of this resolution, pursuant to Recommendation 5 of the new Good Governance Code for Listed Companies, published on 24 February 2015. This delegation is justified by providing the necessary flexibility in relation to those resolutions that have as their object the increase in share capital. The Board of Directors considers that this additional possibility, which significantly increases upon the room for manoeuvre and the ability to respond offered by a simple delegation of the powers to increase capital as provided for under article 297.1 b) of the Consolidated text of the Corporate Enterprises Act, is justified by the greater flexibility and agility it provides, which is required, at times, in current financial markets, in order to take advantage of occasions on which the markets are more favourable.

In any case, the proposed resolution does not mean that share capital will necessarily be increased. It is simply a power granted by the General Shareholders' Meeting to the Board of Directors and which will be exercised if decided by the Board of Directors, depending on the particular circumstances when the decision is made, and always complying with applicable laws and regulations.

The powers delegated are 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 General Shareholders' Meeting's authorisations, such as that granted for the issue of convertible debentures by the General Shareholders' Meeting held on 18 March 2016, does not exceed the joint limit of half of the current share capital envisaged in article 297.1 b) in fine of the Consolidated text of the Corporate Enterprises Act, or the joint limit of 20% of that total share capital in the event that the issuance of convertible securities excludes the shareholders' pre-emptive subscription rights.

The Board of Directors has provided shareholders with the explanatory report on this proposal referred to in articles 286 (in relation to article 297 1 b) and 506 of the Consolidated text of the Corporate Enterprises Act in good time before calling the General Shareholders' Meeting.

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

"To authorise the Board of Directors to increase the share capital on one or several occasions and at any time under the terms and within the limits set out in articles 297.1.b) and 506 of the Consolidated text of the Corporate Enterprises Act, within a period of five years counting from the time this resolution is adopted and up to half of the current share capital, for the purpose of this limit calculating jointly both those increases approved exercising this authorisation and those which could be resolved in accordance with other authorisations made by the General Shareholders' Meeting or which may be granted by the Board of Directors.

Increases in share capital under this authorisation will be made by issuing and circulation of new shares, with or without premium, whose equivalent value will consist of financial contributions. The Board of Directors will be authorised to

establish, with regard to what is not explicitly set forth, the terms and conditions of the increases in share capital and the characteristics of the shares, and also freely offer new shares not subscribed in the terms or terms of exercising the preferential right of subscription. The Board of Directors may also establish that if there is an incomplete subscription, the share capital will only be increased by the amount of the subscriptions made, and rewrite the article on the share capital in the Bylaws.

The Board of Directors is expressly authorised to exclude, in part or in full, the preferential right of subscription under the terms of article 506 of the Consolidated text of the Corporate Enterprises Act, for increases in share capital performed under this authorisation. This power is conditional on the exclusions of the preferential right of subscription which may be resolved by the Board in exercising it or other delegations adopted or which may be adopted by the General Shareholders' Meeting, not exceeding in total 20% of the current share capital of the company.

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 shares issued by virtue of this authorization, enabling the Board to carry out the necessary formalities and actions at the competent bodies of the Spanish or foreign securities markets for listing the securities.

The Board of Directors is expressly authorised for it, in turn, to delegate the powers referred to in this resolution.

The authorisation to increase share capital passed by the Board of Directors by the resolution of the General Shareholders' Meeting on 30 March 2012 is hereby cancelled."

RESOLUTION 6

To submit the Annual Directors' Remuneration Report referred to in article 541 of the Consolidated text of the Corporate Enterprises Act to an advisory vote.

Article 541 of Consolidated Text of the Corporate Enterprises Act stipulates that boards of listed societies 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.

Article 529 novodecies of Consolidated Text of the Corporate Enterprises Act stipulates that the policy for directors' remuneration shall be as per the remuneration system provided for in the company' 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 Directors' remuneration policy, approved as set forth above, will remain valid for three fiscal years after being approved by the General Meeting. 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.

The General Shareholders' Meeting held on 18 March 2016 approved the "Director

Remuneration Policy for 2016, 2017 and 2018”, including a long-term incentive plan which was also approved by the same Shareholders’ Meeting. The Annual Directors’ Remuneration Report which is now put forward for the advisory vote refers to the aforementioned Policy approved by the Board which is in force.

This report is in keeping with the provisions of Article 541 of the Consolidated Text of the Corporate Enterprises Act, 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.

Accordingly,

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 Consolidated Text of the Corporate Enterprises Act.

RESOLUTION 7

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 13 February 2017.

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