



**PROPOSED RESOLUTIONS LAID BEFORE THE 2012 GENERAL  
SHAREHOLDERS' MEETING**

**First call: 29 March 2012  
Adjourned meeting: 30 March 2012**

## AGENDA

1. To examine, and if appropriate, approve the 2011 Annual Accounts (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 applicable, the proposed distribution of Enagás, S.A.'s profit for the financial year 2011.
3. To approve, if appropriate, the performance of the Board of Directors of Enagás, S.A. in 2011.
4. To re-appoint Deloitte S.L. as Auditor of Enagás, S.A. and its Consolidated Group for 2012.
5. To create a corporate web page in accordance with article 11 bis of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC").
6. To spin off the transmission activity and the activity of technical management of the gas system in compliance with the statutory requirement laid down in Law 12/2011, of 27 May.
  - 6.1.- To approve the "Spin-off balance sheet".
  - 6.2.- To approve the Company's "Draft Terms of Hive-Down" in favour of two newly-formed beneficiary companies: "Enagás Transported, S.A.U." and "Enagás GETS, S.A.U."
  - 6.3.- To approve Enagás, S.A.'s hive-down operation in favour of two newly-formed beneficiary companies: "Enagás Transported, S.A.U." and "Enagás GETS, S.A.U."
  - 6.4. To form the new companies Enagás Transported, S.A.U. and Enagás GETS, S.A.U., approve their articles of association, appoint the members of the management organ and appoint the auditor
  - 6.5.- To apply the special tax regime of tax neutrality for the hive-down operation.
  - 6.6.- To apply the special tax regime of fiscal consolidation.
  - 6.7.- To delegate powers to perform, publish and record as notaries instruments the resolutions adopted in relation to the hive-down.
7. To amend the following articles of the Company's Memorandum and Articles of Association:
  - 7.1.- Article 2 ("Company object") and Article 3 ("Registered office"), included in Title I "Name, objects, registered office and duration".
  - 7.2.- Article 6 bis ("Limitation of interest in share capital"), Article 7 ("Accounting records") and Article 16 ("Issuance of bonds"), included in Title II "Capital and shares".
  - 7.3.- Article 18 ("General Shareholder Meeting"), Article 21 ("Extraordinary General Meetings"), Article 22 ("Convening the General Meeting"), Article 27 ("Attendance , Proxies and Voting at General Meetings"), Article 31 ("right to information") and Article 32 ("Minutes"), included in Section 1 "of the General Shareholder Meeting", of Title III "Governing bodies of the company".
  - 7.4.- Article 35 ("Composition of the Board"), Article 36 ("Directors' Remuneration"), Article 37 ("Positions"), Article 39 ("Of the Board

- Meetings"), Article 44 ("Audit and Compliance Committee") and Article 45 ("Appointments, Remuneration and Corporate Social Responsibility Committee"), included in Section 2 "of the Board of Directors", of Title III "Governing bodies of the company"
- 7.5.- Article 49 ("Preparation of the annual accounts"), Article 50 ("Appointment of Auditors") and Article 55 ("Deposit and publicity of financial statements"), included in Title V "of annual accounts"
8. To amend the following articles of the Rules and Regulations of the General Meeting.
- 8.1.- Article 4 ("Powers of the General Meeting") and Article 5 ("Convening the General Meeting").
- 8.2.- Article 7 ("Shareholders' right to information"), Article 9 ("Right to attend"), Article 10 ("Right to representation") and Article 11 ("Voting rights").
- 8.3.- Article 13 ("Proceedings of the General Meeting") and Article 16 ("Publicity").
9. To authorise the Board of Directors to resolve to increase the share capital pursuant to article 297.1 b) of the LSC, in a single operation or through more than one operation, by a maximum amount equal to the half of the capital existing at the time of the authorisation, within a five-year period starting from the date the resolution was passed by the General Meeting.
10. To ratify, appoint, renew or re-elect members of the Board of Directors.
- 10.1.- To re-appoint Peña Rueda S.L. Unipersonal as a director for the statutory four-year period. Peña Rueda S.L. Unipersonal is a Proprietary Director.
- 10.2.- To re-appoint the company Bilbao Bizkaia Kutxa (BBK) as director for the four-year term stipulated by the Articles of Association. Bilbao Bizkaia Kutxa (BBK) is a Proprietary Director.
- 10.3.- To re-appoint Sociedad Estatal de Participaciones Industriales (SEPI) as director for the four-year term stipulated by the Articles of Association. Sociedad Estatal de Participaciones Industriales (SEPI) shall serve as Proprietary Director.
11. To submit to the advisory vote of the Meeting the Annual Report on the Directors' Remuneration Policy referred to in Article 61b of the Ley de Mercado de Valores (Securities Market Act, "LMV").
12. To approve directors' remuneration for 2012.
13. The report on amendments made to the "Regulations Governing the Organisation and Functioning of the Board of Directors of Enagás, S.A.".
14. To delegate powers to supplement, implement, perform, rectify and formalise the resolutions adopted at the General Meeting.

## RESOLUTION 1

To examine, and if appropriate, approve the 2011 Annual Accounts (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 General Meeting:**

“To examine, and, if appropriate, adopt the Financial Statements (Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements) and Directors’ Report of Enagás S.A. and its Consolidated Group for the year ending 31.12.2011.”

## RESOLUTION 2

“To approve, if applicable, the proposed distribution of Enagás, S.A’s profit for the financial year 2011.

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

“To approve the distribution of Enagás, S.A. profit for financial year 2011, which included net profits of **358,674,768.89** euros, in line with the following distribution proposal prepared by the Board of Directors:

Appropriation	Euro
Legal reserve	<b>0.00</b>
To voluntary reserves	<b>121,657,113.00</b>
Dividends	<b>237,017,655.89</b>
<b>Total</b>	<b>358,674,768.89</b>

To pay out an additional dividend in the amount of **€146,059,902.83**. This amount is the result of deducting from the financial year’s total dividend, **€237,017,655.89**, the interim dividend of **€90,957,753.06** that was agreed by the Board of Directors on **21 November 2011**, and paid to shareholders on **21 December 2011**.

The final dividend will be paid on **5 July 2012**.

The total gross dividend for the financial year, approval of which, in accordance with the previous paragraph, means payment of **€0.99280956** per share.

Once the interim dividend already paid is deducted **-€0.381** gross per share, the remaining payment will be for **€0.61180956** before tax deductions.”

### RESOLUTION 3

To approve, if appropriate, the performance of the Board of Directors of Enagás, S.A. in 2011.

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

"To approve the performance of the Board of Directors of Enagás, S.A. in 2011."

### PROPOSED RESOLUTION 4

To re-appoint Deloitte S.L. as Auditor of Enagás, S.A. and its Consolidated Group for 2012.

Article 50 of the Company's Articles of Association, pursuant to article 264 of the Ley de Sociedades de Capital (LSC, "LSC") states that the auditors of the Company's accounts shall be appointed by the General Meeting prior to the end of the 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.

Deloitte was appointed as auditor of the accounts of Enagás, S.A. and its Consolidated Group at the General Meeting held in 2004 for a period of three years. The General Meeting resolved to re-elect the firm in subsequent years. The Company asked several reputable audit firms to make bids for audit services in 2012; the Audit and Compliance Committee took the view that, on balance, the best offer was tabled by Deloitte. Therefore, it is now proposed that the company be re-appointed for a further year in accordance with item 50 of the Articles of Association.

In accordance with the Audit Act, in 2012 the auditor Deloitte S.L., which signs this audit, will be rotated.

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

"To re-appoint Deloitte S.L. as auditor of Enagás, S.A. and its Consolidated Group for the period of one year. The firm shall also be placed in charge of providing any other mandatory auditing services that are required by the Company until the next Ordinary General Meeting is held."

### RESOLUTION 5

To create a corporate web page in accordance with article 11 bis of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC").

Law 25/2011, of 1 August, partially amending the Corporate Enterprise Act and incorporating Directive 2007/36/CE, of the European Parliament and the Board, of 11 July on exercising certain rights held by shareholders of listed companies, has introduced a new article 11 bis in the Corporate Enterprise Act, under which "The

creation of a corporate web page must be agreed by the company Board of Directors....” In order to comply with said legal requirement,

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

“For the purposes provided for in article 11 bis of the Corporate Enterprise Act, the company's corporate website is [www.enagas.es](http://www.enagas.es)”.

<b>RESOLUTION 6</b>
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To spin off the transmission activity and the activity of technical management of the gas system in compliance with the statutory requirement laid down in Law 12/2011, of 27 May.

- 6.1.- To approve the “Spin-off Balance Sheet”.
- 6.2.- To approve the Company's “Draft Terms of Hive-Down” in favour of two newly-formed beneficiary companies: “Enagás Transported, S.A.U.” and “Enagás GETS, S.A.U.”
- 6.3.- To approve Enagás, S.A.'s hive-down operation in favour of two newly-formed beneficiary companies: “Enagás Transported, S.A.U.” and “Enagás GETS, S.A.U.”
- 6.4. To form the new companies Enagás Transported, S.A.U. and Enagás GETS, S.A.U., approve their articles of association, appoint the members of the management organ and appoint the auditor.
- 6.5.- To apply the special tax regime of tax neutrality for the hive-down operation.
- 6.6.- To apply the special tax regime of fiscal consolidation.
- 6.7.- To delegate powers to perform, publish and record as notaries instruments the resolutions adopted in relation to the hive-down.

Law 12/2011 of 27 May on *Civil Liability for nuclear damages or caused by radioactive materials* establishes in its final provision six “Amendment of Law 34/1998, of 7 October, on the hydrocarbons sector” the following:

*One. A thirty-first additional provision is added to Law 34/1998, of 7 October on the hydrocarbons sector, “Constitution of Subsidiaries of ENAGÁS, S.A.”:*

*ENAGÁS, S.A. shall form two subsidiary companies of which it shall hold the share capital in its entirety. These companies shall be responsible for the technical management of the system and transmission activities, respectively. For this purpose, all property, plant and equipment and all staff currently dedicated to these activities shall be transferred to the new companies. ENAGÁS, S.A. may transfer its company name to the transmission subsidiary.*

*2. The ENAGÁS, S.A. subsidiary which shall be responsible for the technical management of the system shall be subject to all the provisions governing this activity of Law 34/1998, of 7 October, on the Hydrocarbons Sector.*

*The subsidiary responsible for transmission activities shall be subject to all the provisions governing this activity of Law 34/1998, of 7 October, on the Hydrocarbons Sector. The primary gas transmission trunk network shall be ceded to the transmission subsidiary under the provisions of the above-mentioned Law.*

*No individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the parent company, nor may they exercise voting rights in such Company of over 3%. Under no circumstances may such shareholdings be*

*syndicated. Those parties that operate within the gas sector, including natural persons or bodies corporate that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights of over 1%. These restrictions will not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.*

*Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.*

*For the purposes of computing holdings in share capital, one and the same natural person or body corporate shall be deemed to hold the shares and other securities held or acquired by entities of its same "group", within the meaning of article 40f Law 24 of 28 July 1988, the Securities Market Act, in addition to those shares held by:*

*a) Those parties who act in their own name but on behalf of that individual or body corporate in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, it shall be deemed that the members of the Board of Directors of a body corporate act on its behalf or in a concerted fashion with it.*

*(b) any partner with whom the aforesaid exercises control over a subsidiary entity, pursuant to article 4 of the Securities Market Act.*

*In all cases, both the actual ownership of the shares and other securities and also the voting rights held through any certificate shall be taken into account.*

*Non-compliance with the limitation on a stake in the capital referred to in this article shall be deemed a very serious breach in accordance with the terms set out in article 109 of this Act. Responsibility shall lie with the individuals or bodies corporate that end up as owners of the securities or whoever the excess stake in the capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. At all events, there shall apply the system of penalties set out in the Act.*

*ENAGÁS, S.A. may not transfer the shares of the subsidiaries carrying out regulated activities to third parties.*

*3. The restrictions of shareholding percentages and non transfer of the shares referred to in this provision are not applicable to other subsidiaries that ENAGÁS, S.A. may constitute for business activities other than transmission regulated by article 66 of law 34/ 1998, of 7 October, on the hydrocarbons sector, management of the transmission network and technical management of the national gas system.*

*4. The special tax regime provided for in section VIII of title VII of the Restated Corporate Income Tax Law, approved by Legislative Royal Decree 4/2004, dated 5 March, shall be applicable to operations referred to in section 1 of this additional provision."*

*Two. A new thirty-first additional provision is added to Law 34/1998, of 7 October on the hydrocarbons sector, " Deadline to incorporate the subsidiary."*

*Before one year passes from this law coming into effect, ENAGÁS, S.A. will incorporate the subsidiary companies referred to in the thirty-first additional provision of this law. The fees of notaries, commercial and property registries for the acts required to incorporate the subsidiaries shall be reduced to 10%.*

*Three. Modification of Additional Provision 20 of Law 34/1998, dated 7 October, on the Hydrocarbons Sector:*

*The Managing Director of the ENAGÁS, S.A. subsidiary responsible for Technical*

*System Management shall be appointed and removed by the company's Board of Directors, with approval from the Ministry of Industry, Tourism and Commerce.*

*The staff of the subsidiary performing the functions of Technical System Manager must sign up to the code of conduct referred to in Article 63 of this Law guaranteeing their independence from the rest of the activities carried out by the corporate group.*

As a result, and for the purposes of complying with the cited legal mandate, the company intends to carry out the hive-down process, proposed by the Board in accordance with the hive-down project terms and the Directors' Hive-down Report.

In relation to item 6 on the agenda, the following documents have been made available for examination by the shareholders, bondholders and workers' representatives at the registered office of Enagás, S.A.:

- Draft Terms of Hive-Down approved by the Board.
- Report from the Directors on the Draft Terms of Hive-Down.
- Report From Independent Experts on the Draft Terms of Hive-Down.
- The Annual Accounts and management reports from the last three financial years for Enagás, S.A. and its consolidated group and the related Audit Reports.
- The Spin-Off Balance Sheet with the corresponding Audit Report.
- The Memorandum and Articles of Association of Enagás, S.A. currently in force.
- The full text of the proposed Articles of Association for the newly-formed hive-down beneficiary companies, which will apply once the hive-down is executed.
- The identity of the Directors of Enagás S.A. and of the Hive-Down beneficiary companies and the date from which they hold their office.

It should be added that the Board of Directors of the National Energy Commission, on 16 February 2012, authorised, for the purposes of additional provision 11, Three 1, Function 14 of Law 34/1998, dated 7 October 1998, the incorporation of the two subsidiaries to which the assets and liabilities of the transmission and technical system management businesses will be hived down.

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

#### **"6.1. Adoption of the hive-down balance sheet**

The board resolves to adopt as the hive-down balance sheet, the company's closing balance sheet as on 30 September 2011, i.e. within six (6) months prior to the drafting of the hive-down project (the "**Hive-down balance sheet**"). The "Hive-down balance sheet" has been made available to shareholders, bondholders and bondholders and workers' representatives at the time of the meeting being convened.

In accordance with the provisions of article 37 of Law 3/2009, dated 3 April, on structural modifications to mercantile companies ("**LME**") (applicable by referral of article 73.1 LME), it is expressly stated that the Hive-down balance sheet has been verified by the auditor, Deloitte, S.L., as the Company underwent mandatory auditing of its Financial Statements.



## **6.2 Approval of the draft terms of the hive-down in favour of two newly created subsidiaries, namely, ENAGÁS TRANSPORTE, S.A.U. and ENAGÁS GETS, S.A.U.**

In accordance with the provisions of article 30.3 LME, by referral of article 73.1 LME, the board resolves to approve the terms of the hive-down drafted by the Board of Directors, dated 21 November 2011, which was duly deposited in the Madrid Companies Register on 30 November 2011 "**Draft Terms of Hive-Down** "). The "Hive-down balance sheet" has been made available to shareholders, bondholders and bondholders and workers' representatives at the time of the meeting being convened.

The Board of Directors has stated that since the drafting of the Hive-Down Terms to now, there has been no significant change to the Company's assets and liabilities.

## **6.3 Approval of the hive-down of ENAGÁS S.A. in favour of two newly created subsidiaries, namely, ENAGÁS TRANSPORTE, S.A.U. and ENAGÁS GETS, S.A.U.**

In accordance with the provisions of article 78 LME, the Madrid Companies Register designated KPMG AUDITORES S.L. as the sole independent expert, which will issue a Report on The Draft Terms of the Hive-Down. This Report was issued on 17 February 2012.

In the light of the Draft Terms of the Hive-Down, the Report justifying the same drafted by the Board of Directors and the Independent Expert's Report referred to in the above paragraph, the board resolves to approve the Hive-Down of two parts of the Company's equity, each of which will then form a financially autonomous and independent unit, consisting of the transmission activity (the "**Transmission Economic Unit**"), on the one hand and Technical Management of the Gas System (the "**TMS Economic Unit**") on the other, the equity elements of which shall be identified later, and the transfer en bloc to two newly formed companies, namely ENAGÁS TRANSPORTE, S.A.U. (the "**Newly-Formed Transmission Beneficiary Company**") and ENAGÁS GETS, S.A.U. (the "**Newly-Formed TMS Beneficiary Company**"), hereafter jointly referred to as the "**Newly-Formed Beneficiary Companies**", all under the terms and conditions drafted by the Board of Directors, which has been made available to shareholders, bondholders and workers' representatives at the time of convening the general meeting, in accordance with the provisions of article 40.1 LME, by referral of article 73.1 LME.

In compliance with the provisions of article 228 of Companies Register Regulations, with regards to article 235, and as a part of the content of this decision, the circumstances relating to the first of the stated requirements are stated and the remaining minimum particulars of the draft terms of the hive-down, in accordance with article 40 of LME, with regards to article 73, as well as article 74 of the same regulation:

### **6.3.1 Identification of the companies participating in the Hive-Down**

The particulars corresponding to the name, type of company, registered office and information identifying their registration on the Companies Register of the companies participating in the planned hive-down operation are hereby specified.

#### **(i) The Company**

The name of the Company is ENAGAS, S.A.; it is a sociedad anónima [Spanish company limited by shares]; its registered office is in Madrid, Paseo de los Olmos, 19; it is registered in the Madrid Companies Register in volume 305, folio 36, sheet M-6113 and has tax identification number A-28294726. Its capital is fully paid-up.

**(ii) The Newly-Formed Transmission Beneficiary Company**

The Newly-Formed Transmission Beneficiary Company shall be a newly incorporated sociedad anónima unipersonal [Spanish sole shareholder company limited by shares], with registered office in Madrid, Paseo de los Olmos, 19, with the corporate name ENAGÁS TRANSPORTE, S.A. (or such corporate name as, alternatively, is issued by the Central Companies Register).

The deed through which the hive-down resolution is recorded notarially shall serve, in turn, as the memorandum of association of the Newly-Formed Transmission Beneficiary Company and shall contain all the legally required particulars for the valid incorporation of a sociedad anónima, as detailed in the following resolution 6.4.

**(iii) The Newly-Formed TMS Beneficiary Company**

The Newly-Formed TMS Beneficiary Company shall be a newly incorporated sociedad anónima unipersonal [Spanish sole shareholder company limited by shares], with registered office in Madrid, Paseo de los Olmos, 19, with the corporate name ENAGAS GETS, S.A. (or such corporate name as, alternatively, is issued by the Central Companies Register).

The deed through which the hive-down resolution is recorded notarially shall serve, in turn, as the memorandum of association of the Newly-Formed TMS Beneficiary Company and shall contain all the legally required particulars for the valid incorporation of a sociedad anónima, as detailed in the following resolution 6.4.

**6.3.2 Designation of the assets and liabilities that must be transferred to the Newly-Formed Beneficiary Companies. Valuation of the hived down assets and liabilities**

**Appendix 1.A** of the Draft Terms of the Hive-Down, made available to shareholders, bondholders and workers- representatives at the time of convening the General Meeting, specifies the assets and liabilities that comprise the Transmission Economic Unit and **Appendix 1.B** of the Draft Terms of the Hive-Down specifies the assets and liabilities that comprise the TMS Economic Unit.

In accordance with **Appendix 1.A** of the Draft Terms of Hive-Down, the total value of the Transmission Economic Unit is one billion seven hundred and eighty-eight million twenty-two thousand four hundred and fifty-four euros (€1,788,022,454), which corresponds to its net book value, as apparent from the books of the Company deriving from a value of the assets of six billion nine hundred and ninety-five million two hundred and fifteen thousand one hundred and sixty-two euros (€6,995,215,162) and a value of the liabilities of five billion two hundred and seven million one hundred and ninety-two thousand seven hundred and eight euros (€5,207,192,708).

In accordance with **Appendix 1.B** of the Draft Terms of Hive-Down, the total value of the TMS Economic Unit is thirteen million two hundred and eighteen thousand

nine hundred and fourteen euros (€13,218,914), which corresponds to its net book value, as apparent from the books of the Company deriving from a value of the assets of fifty million eight hundred and forty-four thousand eight hundred and twenty-three euros (€50,844,823) and a value of the liabilities of thirty-seven million six hundred and twenty-five thousand nine hundred and nine euros (€37,625,909).

The foregoing valuations correspond to the net book value at which the assets and liabilities of the Economic Units being spun off are recorded in the books of the Company at 30 September 2011.

### **6.3.3 Determination and allotment of the shares of the Newly-Formed Beneficiary Companies**

As a result of the hive-down operation:

- The Newly-Formed Transmission Beneficiary Company shall be incorporated with a share capital of three hundred million euros (€300,000,000), through the creation of one hundred and fifty million (150,000,000) equal, accumulable and indivisible shares, each with a nominal value of two euros (€2), numbered consecutively from 1 to 150,000,000, both inclusive. The difference between the net book value of the assets and liabilities received by the Newly-Formed Transmission Beneficiary Company by virtue of the hive-down and the nominal value of the new shares shall be allocated to the share premium, as detailed in the following resolution 6.4. In accordance with the provisions of article 74.2 of the LME, the shares of the Newly-Formed Transmission Beneficiary Company may not be exchanged or distributed in favour of the Company's shareholders. The shareholder structure of the Company shall remain unaltered as a result of the hive-down.
- The Newly-Formed TMS Beneficiary Company shall be incorporated with a share capital of ten million euros (€10,000,000), through the creation of five million (5,000,000) equal, accumulable and indivisible shares, each with a nominal value of two euros (€2), numbered consecutively from 1 to 5,000,000, both inclusive. The difference between the net book value of the assets and liabilities received by the Newly-Formed TMS Beneficiary Company by virtue of the hive-down and the nominal value of the new shares shall be allocated to the share premium, as detailed in the following resolution 6.4. In accordance with the provisions of article 74.2 of the LME, the shares of the Newly-Formed TMS Beneficiary Company may not be exchanged or distributed in favour of the Company's shareholders. The shareholder structure of the Company shall remain unaltered as a result of the Hive-Down.

The shares resulting from the incorporation of the Newly-Formed Beneficiary Companies shall be wholly subscribed by the Company as consideration for its contribution of the assets and liabilities listed in **Appendices 1.A and 1.B** of the Draft Terms of Hive-Down.

The nominal value of those shares, and their corresponding share premium, shall correspond to and be wholly paid-in through the contribution made to the Newly-Formed Beneficiary Companies from the Economic Units as a result of the hive-down.

Once the deed of hive-down and the resulting incorporation of the Newly-Formed Beneficiary Companies has been recorded in the Madrid Companies Register, the new shares issued shall be entered in the register of shareholders of the Newly-Formed Beneficiary Companies.

#### **6.3.4 Impact of the hive-down, if any, on the contributions of labour or in the ancillary services in the Company**

It is expressly stated that there are no contributions of labour or ancillary services in the Company, and therefore it shall not be necessary to grant any compensation for these items.

#### **6.3.5 Special rights or securities other than shares of the share capital**

It is expressly stated that there are no special rights or holders of securities other than shares in the share capital of the Company and no rights or options of any kind are going to be granted in the Newly-Formed Beneficiary Companies.

#### **6.3.6 Advantages to be allocated in the Newly-Formed Beneficiary Companies to the independent expert participating in the planned hive-down operation or to the directors of the Company or of the Newly-Formed Beneficiary Companies**

It is expressly stated that there will be no advantages of any type allocated to the members of the management organs of the Company or of the Newly-Formed Beneficiary Companies, or to the independent expert that participates in the hive-down operation.

#### **6.3.7 Date from which the holders of the shares of the Newly-Formed Beneficiary Companies shall be entitled to participate in the companies' earnings**

It is expressly stated that the shares of the Newly-Formed Beneficiary Companies shall entitle their holders to participate in the companies' earnings as from 1 January 2012.

#### **6.3.8 Date from which the hive-down shall become effective for accounting purposes in accordance with the provisions of the Spanish General Chart of Accounts**

It is expressly stated that operations carried out by the company for accounting purposes shall be understood as carried out by the Newly-Formed Beneficiary Companies as of 1 January 2012.

#### **6.3.9 Possible consequences of the hive-down on jobs, as well as its gender impact, if any, on the management organs and the impact, if any, on the social responsibility of the Company**

It is hereby recorded that the planned hive-down operation will imply the transfer of the workers affected at the Economic Units to the Newly-Formed Beneficiary Companies. All of this is in compliance with the regime governing the transfer of an undertaking regulated in article 44 of the Spanish Workers Statute.

Therefore, the Newly-Formed Beneficiary Companies shall be subrogated to the employment and social security rights and obligations of the Company respecting the workers belonging to those Economic Units, as appropriate, including pension commitments, as provided in the legislation specific thereto and, in general, to as many supplementary social protection obligations as the Company may have acquired.

Aside from this, it is not anticipated that other legal, economic or social consequences will be generated apart from those described, nor that other measures will be adopted that affect the working conditions of the employees due to the planned hive-down operation.

It is also recorded that the planned hive-down operation shall have no gender impact on the management organs nor any impact on the social responsibility of the Company or of the Newly-Formed Beneficiary Companies.

#### **6.3.10 Articles of association of the Newly-Formed Beneficiary Companies**

It is recorded that the Newly-Formed Beneficiary Transmission Company will be governed by the Articles of Association that have been made available to shareholders, bondholders and workers- representatives at the time of convening the General Meeting, and that the Newly-Formed Beneficiary TMS Company will be governed by the Articles of Association that have been made available to shareholders, bondholders and workers- representatives at the time of convening the General Meeting.

Additionally, it is recorded that the company objects shall be amended in its Articles of Association, as detailed in resolution 7.1 of the agenda of this meeting, to reflect the hive-down of activities to the corresponding subsidiaries.

#### **6.3.11 Spin-off balance sheet and date of the Company financial statements used to establish the conditions under which the operation is carried out**

It is recorded that the company-s accounts that have been used to establish the terms of the hive-down are those closed as per 30 September 2011. The balance sheet contained in the same is the balance sheet used for the hive-down.

In accordance with the provisions of article 37 of the LME, the Spin-off Balance Sheet has been verified by the Company's external auditor, namely Deloitte, S.L., as the Company was undergoing the mandatory auditing of its financial statements.

Likewise, the board resolves to adopt and ratify, in all their terms and with no reservation of any kind, the actions carried out to date by the company Board of Directors with regards to the hive-down operation subject to approval by virtue of this resolution.

### **6.4 To incorporate the newly-formed companies ENAGÁS TRANSPORTE, S.A.U. and ENAGÁS GETS, S.A.U., approve their articles of association, appoint the members of the management body and appoint the auditor.**

#### **6.4.1 Articles of Association of the Newly-Formed Transmission Beneficiary Company**

As a result of the hive-down operation being approved, the board resolves to incorporate the Newly-Formed Transmission Beneficiary Company under the terms described below:

- (i) Its share capital will be of three hundred million euros (€300,000,000), through the creation of one hundred and fifty million (150,000,000) equal, accumulable and indivisible shares, each with a nominal value of two euros (€2), numbered consecutively from 1 to 150,000,000, both inclusive, with a

risk premium that totals one thousand four hundred and eighty-eight million, twenty-two thousand four hundred and fifty-four euros (€1,488,022,454), as the amount resulting from the difference between the net book value of Transmission Economic Unit received by virtue of the hive-down and the nominal value of the new shares. The issue premium is 9.920149693 euros for each newly created share.

- (ii) Its shares shall be fully subscribed by the Company and paid out along with the issue premium, as a result of the hive-down of the Transmission Economic Unit, which is transferred to the Newly-Formed Transmission Beneficiary Company.
- (iii) The Newly-Formed Transmission Beneficiary Company shall be named ENAGÁS TRANSPORTE, S.A., in accordance with the corporate name issued by the Central Companies Register.
- (iv) The Newly-Formed Transmission Beneficiary Company will have its registered address in Madrid, Paseo de los Olmos, 19.
- (v) The Newly-Formed Transmission Beneficiary Company will be governed by the Articles of Association that have been made available to the shareholders, bondholders and workers' representatives at the time of convening the General Meeting, the consolidated text of the LSC, approved by Legislative Royal Decree 1/2010, dated 2 July ("**LSC**"), and other specifically applicable provisions.
- (vi) The Newly-Formed Transmission Beneficiary Company shall have the company objects indicated below:
  - *"Activities specific to the regasification, basic and secondary transmission and storage of natural gas, using the Company's or third-party infrastructure or gas installations, and activities similar or linked to the above.*
  - *The design, construction, commissioning, operation and maintenance of all types of gas infrastructure and supporting installations, including telecommunications networks, remote and control systems of any nature and electricity networks owned by the Company or by third parties.*
  - *Heat and cooling capture activities and the usage of energies associated with core activities or resulting therefrom.*
  - *Rendering of various types of services, including engineering, construction, advisory and consultancy services relating to the activities making up its objects and involvement in natural gas market management activities, provided these are compatible with the activities attributed to the Company by law.*

*The activities stated above may be carried out by the Company itself or through companies with a similar or identical purpose in which the Company holds a stake, and always within the scope and limits established by statute in relation to the hydrocarbons business.*

*The Company's object excludes all those activities for which prevailing legislation stipulates special requirements that the Company does not meet.*

*If statutory provisions should require for the performance of any of the activities included in the Company's objects any professional qualifications or administrative authorisation, or their recording on public registers, the said activities must be carried out by persons holding the said professional qualifications, and if appropriate they may not be initiated until the administrative requirements have been fulfilled".*

#### **6.4.2 Approval of the Articles of Association of the Newly-Formed Transmission Beneficiary Company**

The board resolves to approve the Articles of Association of the Newly Formed Transmission Beneficiary Company, which have been made available to the shareholders, the bondholders and workers representatives at the time of convening the General Meeting.

#### **6.4.3 Appointment of the governing body of the Newly-Formed Transmission Beneficiary Company**

The board resolves to approve that the governing body of the Newly-Formed Transmission Beneficiary Company be a sole director, appointing to the role for the period of six (6) years to the sole shareholder of the Newly-Formed Transmission beneficiary Company, i.e.: ENAGÁS, S.A., domiciled in Madrid, Paseo de los Olmos, 19, registered in the Madrid Companies Registry under volume 305, sheet 36., page M-6113, with national tax ID no. A-28294726.

Mr. Antonio Llardén Carratalá, Chairman of the Company's Board of Directors and whose information is recorded in the Companies Register and who is present at this act, by virtue of the powers conferred to him in official legal record prepared on 9 February 2007 before the Notary of Madrid Mr. Pedro de la Herrán Matorras under number 324 of his notaries record book, accepts the appointment of ENAGÁS, S.A. and designates himself, as the individual representing said company, to undertake the duties inherent in the role, in accordance with the provisions of article 143 RRM, declaring that neither ENAGÁS, S.A. nor himself are involved in any proceedings of incompatibility, incapacity or legal impossibility of any kind, according to prevailing legislation and, in particular, to Law 5/2006, of 10 April and other concordant legislation, nor are they subject or any legal prohibition of any kind and, in particular, those established under the LSC.

#### **6.4.4 Appointment of the auditor of the Newly-Formed Transmission Beneficiary Company**

Pursuant to article 228 of the Companies Register Regulations, it is recorded that the Newly-Formed Transmission beneficiary Company appoints as auditor DELOITTE, S.L., a company domiciled in Madrid, Torre Picasso, Plaza Pablo Ruiz Picasso, nº 1, with tax ID no. B-79.104.469 and Registered in the Official Auditors Register under S-0692, registered in the Madrid Companies Register under volume 13.650, Book 0, sheet 188, Section 8ª, Page M-54.414.

In compliance with the provisions of article 264 of the LSC, the appointment is made for a period of three (3) years, and will include the auditing of the annual accounts of the Newly-Formed Transmission Beneficiary Company corresponding to the years 2012, 2013 and 2014. The auditor's acceptance shall be recorded in a separate letter.

#### **6.4.5 Articles of Association of the Newly-Formed TMS Beneficiary Company**

As a result of the hive-down operation being approved, the board resolves to incorporate the Newly-Formed TMS Beneficiary Company under the terms described below:

- (i) Its share capital will be of ten million euros (€10,000,000), through the creation of five million (5,000,000) equal, accumulable and indivisible shares, each with a nominal value of two euros (€2), numbered consecutively from 1 to 5,000,000, both inclusive, with a risk premium that totals three million two hundred and eighteen thousand nine hundred and fourteen euros (€3,218,914), as the amount resulting from the difference between the net book value of TMS Economic Unit received by virtue of the hive-down and the nominal value of the new shares. The issue premium is 0.6437828 euros for each newly created share.
- (ii) Its shares shall be fully subscribed by the Company and paid out along with the issue premium, as a result of the hive-down of the Transmission Economic Unit, which is transferred to the Newly-Formed TMS Beneficiary Company.
- (iii) The Newly-Formed TMS Beneficiary Company shall be named ENAGÁS GETS, S.A., in accordance with the corporate name issued by the Central Companies Register.
- (iv) The Newly-Formed TMS Beneficiary Company will have its registered address in Madrid, Paseo de los Olmos, 19.
- (v) The Newly-Formed TMS Beneficiary Company will be governed by the Articles of Association that have been made available to the shareholders, bondholders and workers' representatives at the time of convening the General Meeting, the consolidated text of the LSC, approved by Legislative Royal Decree 1/2010, dated 2 July ("**LSC**"), and other specifically applicable provisions.
- (vi) The Newly-Formed TMS Beneficiary Company shall have the company object indicated below:

- *All tasks relating to the technical management of the gas system.*
- *Rendering of various types of services including advisory and consultancy services relating to the activities making up its company object and involvement in natural gas market management activities, provided these are compatible with the activities attributed to the Company by law.*

*The activities stated above may be carried out by the Company itself or through companies with a similar or identical purpose in which the Company holds a stake, and always within the scope and limits established by statute in relation to the hydrocarbons business.*

*The Company's object excludes all those activities for which prevailing legislation stipulates special requirements that the Company does not meet.*

*If statutory provisions should require for the performance of any of the activities included in the Company's objects any professional qualifications or administrative authorisation, or their recording on public registers, the said activities must be carried out by persons holding the said professional qualifications, and if appropriate they may not be initiated until the administrative requirements have been fulfilled".*



#### **6.4.6 Approval of the Articles of Association of the Newly-Formed TMS Beneficiary Company**

The board resolves to approve the Articles of Association of the Newly Formed TMS Beneficiary Company, which have been made available to the shareholders, the bondholders and workers representatives at the time of convening the General Meeting.

#### **6.4.7 Appointment of the governing body of the Newly-Formed TMS Beneficiary Company**

The board resolves to approve that the governing body of the Newly-Formed TMS Beneficiary Company be a sole director, appointing to the role for the period of six (6) years to the sole shareholder of the Newly-Formed TMS beneficiary Company, i.e.:

ENAGÁS, S.A., domiciled in Madrid, Paseo de los Olmos, 19, registered in the Madrid Companies Registry under volume 305, sheet 36., page M-6113, with national tax ID no. A-28294726.

Mr. Antonio Llardén Carratalá, Chairman of the company's Board of Directors and whose information is recorded in the Companies Register and who is present at this act, by virtue of the powers conferred to him in official legal record prepared on 9 February 2007 before the Notary of Madrid Mr. Pedro de la Herrán Matorras under number 324 of his notaries record book, accepts the appointment of ENAGÁS, S.A. and designates himself, as the individual representing said company, to undertake the duties inherent in the role, in accordance with the provisions of article 143 RRM, declaring that neither ENAGÁS, S.A. nor himself are involved in any proceedings of incompatibility, incapacity or legal impossibility of any kind, according to prevailing legislation and, in particular, to Law 5/2006, of 10 April and other concordant legislation, nor are they subject o any legal prohibition of any kind and, in particular, those established under the LSC.

#### **6.4.8 Appointment of the auditor of the Newly-Formed TMS Beneficiary Company**

Pursuant to article 228 of the Companies Register Regulations, it is recorded that the Newly-Formed TMS beneficiary Company appoints as auditor DELOITTE, S.L., a company domiciled in Madrid, Torre Picasso, Plaza Pablo Ruiz Picasso, nº 1, with tax ID no. B-79.104.469 and Registered in the Official Auditors Register under S-0692, registered in the Madrid Companies Register under volume 13.650, Book 0, sheet 188, Section 8ª, Page M-54.414.

In compliance with the provisions of article 264 of the LSC, the appointment is made for a period of three (3) years, and will include the auditing of the annual accounts of the Newly-Formed TMS Beneficiary Company corresponding to the years 2012, 2013 and 2014. The auditor's acceptance shall be recorded in a separate letter.

#### **6.5 To elect to apply the special tax regime of tax neutrality for the hive-down transaction**

In accordance with the provisions of subsection 4 of the thirty-first additional provision to Law 34/1998, of 7 October on the Hydrocarbons Sector, the special tax regime provided in chapter VIII of title VII of the Restated Corporate Income Tax Law, approved by Legislative Royal Decree 4/2004, dated 5 March, ("**TRLIS**") shall be applicable to the planned hive-down to the Newly-Formed TMS Beneficiary Company.

For the purpose of compliance with the requirements established in that consolidating statute and its implementing regulations for the application of the aforementioned tax regime, the Newly Formed Beneficiary Companies, as beneficiaries of the hive-down, shall proceed to communicate in due time and form to the agencies of the tax authorities their decision to elect the regime.

#### **6.6 To elect to apply the special tax regime of fiscal consolidation**

The board resolves to indefinitely and for the tax periods ending as of 1 January 2013, apply the special tax regime of fiscal consolidation provided for in el chapter VIII of title VII of the TRLIS, in accordance with the provisions of article 70 of the TRLIS.

It is thus recorded that ENAGÁS, S.A. is the parent company, in the terms provided for in article 67 of the TRLIS, of the group made up of the same and the Newly-Formed Beneficiary Companies ENAGÁS TRANSPORTE, S.A.U. and ENAGÁS GETS, S.A.U., as subsidiaries.

#### **6.7 To delegate powers to perform, publish and record as notaries instruments the resolutions adopted**

The board resolves to empower all members of the Company's Board of Directors, as well as the non-director secretary, to allow any of them indistinctly, that is without concurrence from any other, in representation of the Company and in relation with the preceding resolutions, to appear before a notary to notarize the same, as well as to execute public deeds with the appropriate pacts and declarations that derive, indirectly or directly, from said resolutions; to make as many clarifications or corrections that are necessary or expedient, and in general to execute the private and/or public documents that are necessary to execute the preceding resolutions, as well as the acts required to file said resolutions with the corresponding public registers; and in general to clarify, specify and complete anything as necessary or expedient, including executing clarification or amendment deeds for any defects or omissions as may prevent or impair the effectiveness or registration of the pertinent resolutions in any public register, and in particular to:

- (i) carry out any acts or legal business as may be necessary or appropriate for the execution of the resolutions adopted at this Shareholders' Meeting, executing as any public or private documents as deemed necessary or expedient to allow the full efficacy of these resolutions, including as many acts as necessary or appropriate before any public or private body in Spain or abroad;
- (ii) to determine the date on which the hive-down resolutions should be executed and notarized, and to submit the corresponding notaries instruments for filing with the Madrid Companies Register.
- (iii) to identify in the corresponding notaries instruments, where appropriate, all those elements of hived down assets and liabilities that are registered in any kind of register or public office;
- (iv) to draft, sign and submit the documentation required or appropriate to the National Energy Commission (CNE), the CNMV or any other authority or public body, and to submit as much additional information or documentation that these may require with regards to the hive-down;
- (v) to draft and publish as many notices as necessary or appropriate;

(vi) to draft, sign, execute and, if applicable, certify any kind of document relating to the hive-down;

(vii) To declare as met, unmet or waived, as appropriate to the Company's interest, any of the conditions precedent that this resolution has been subject to. This delegation provides authorisation to verify and declare compliance with the aforementioned conditions precedent and to undertake any action and adopt the decisions required for compliance.

(viii) to guarantee or satisfy loans granted by creditors that, if any, oppose the hive-down;

(ix) to determine, in short, all other circumstances that may be required, adopting and executing the required resolutions, formalising the required documents and complying with all expedient procedures, complying with as many requisites as demanded by Law, to ensure the full execution of the resolutions adopted by the General Shareholders' Meeting with regards to the hive-down;

(x) and, in general, to carry out as many acts as necessary or merely expedient to ensure the success of the hive-down".

## **PROPOSED RESOLUTION 7**

To amend the following articles of the Company's Memorandum and Articles of Association: Article 2 ("Objects"); Article 3 ("Registered office"); Article 6 bis ("Limitation on holdings in share capital"); Article 7 ("Accounting records"); Article 16 ("Bond issues"); Article 18 ("General Meeting"), Article 21 ("Extraordinary General Meetings"); Article 22 ("Convening the General Meeting"); Article 27 ("Attendance at meetings, representation by proxy and voting"); Article 31 ("Right of information"); Article 32 ("Minutes of proceedings"); Article 35 ("Composition of the Board"); Article 36 ("Directors' pay"); Article 37 ("Positions"); Article 39 ("Meetings of the Board of Directors"); Article 44 ("Audit and Compliance Committee"); Article 45 ("the Appointments, Remuneration and Corporate Responsibility Committee"); Article 49 ("Preparation of the Annual Accounts"); Article 50 ("Appointment of Auditors"); Article 55 ("Deposit and Publicity of Financial Statements").

Several issues require or make expedient the proposal to the General Meeting to amend said articles of the Articles of Association.

1.- In the last year significant legal changes have been made that affect Enagás, S.A. as a company that operates businesses that are subject to special hydrocarbon legislation. Specifically, Law 12/2011, dated 27 May on civil liability for civil for nuclear damage or damage caused by radioactive materials, in its 6th final provision "Amendment of Law 34/ 1998, of 7 October, on the hydrocarbons sector" has added to said law a new 31st additional provision " "Incorporation of subsidiaries of ENAGÁS, S.A," based on which ENAGÁS, S.A. will incorporate two subsidiaries two subsidiary companies in which the company holds all share capital, and which will respectively be responsible for the functions of technical systems management and transmission, implemented by employing all material and personnel assets that are currently used to run said activities.

2.- Likewise, there have been legislative changes that affect companies. Ley 25/2011, of 1 August, on the partial reform of the LSC and incorporation of European Parliament and Council Directive 2007/36/CE, dated 11 July, on exercising certain rights for shareholders in listed companies, amended several articles of the consolidated text of the LSC. The amendment in particular affects General Shareholders' Meetings for listed companies, such as Enagás. S.A.

3.- To this must be added the opportunity to introduce some amendments to the Articles of Association that enhance the corporate governance practices of the Company or improve the wording of some of its articles.

The Enagás, S.A. Board of Directors, for the purposes of the provisions of articles 286 of the LSC and 158 of the Companies Register Regulation, has issued a report justifying the amendment of certain articles of the Articles of Association, which is made available to shareholders at the time of the publication of notice of meeting.

For this reason, we propose to the General Meeting that the items of the Articles of Association referred to above be entirely redrafted. The amendment and redrafting proposal for said articles is submitted for consideration and voting before the General Meeting, grouping them by titles and sections of the Articles of Association, into five independent resolutions.

**The following proposed resolutions are laid before the Ordinary General Meeting:**

**7.1.-** To redraft Article 2 ("Company objects") and Article 3 ("Registered office"), included in Title I "Name, objects, duration and registered office" of the Articles of Association, as follows.

**"ARTICLE 2 . – COMPANY OBJECT.**

2.1.- The company's company object is:

- a) Activities specific to the regasification, basic and secondary transmission and storage of natural gas, using the Company's or third-party infrastructure or gas installations, and activities similar or linked to the above.
- b) The design, construction, start up, operation and maintenance of all types of gas infrastructure and supporting installations, including telecommunications networks, remote and control systems of any nature and electricity networks owned by the Company or by third parties.
- c) All tasks relating to the technical management of the gas system.
- d) The transmission and storage of carbon dioxide, hydrogen, biogas and other energy fluids, via proprietary or third-party facilities, and the design, construction, commissioning, operation and maintenance of all kinds of complementary infrastructure and facilities necessary for said activities.
- e) Heat and cooling capture activities and the usage of energies associated with core activities or resulting therefrom.
- f) Rendering of various types of services, including engineering, construction, advisory and consultancy services relating to the activities making up its objects and involvement in natural gas market

management activities, provided these are compatible with the activities attributed to the Company by law.

2.2 The activities stated above may be carried out by the Company itself or through companies with similar or identical objects in which the Company holds a stake, and always within the scope and limits legally established in relation to the oil and gas business. In accordance with said legislation, the transmission and technical systems management that are regulated as a result of the same, must be respectively undertaken by two subsidiary companies in which the company holds all share capital.

Therefore, part of its corporate purpose is:

- a) Management of the business group made up of shareholdings in the share capital of the member entities.
- b) The provision of assistance and support services to investee companies, to which end it may provide guarantees and sureties in favour of these as required”.

### **“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 the same municipal vicinity, 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](http://www.enagas.es). The company's Board of Directors is authorised to eliminate or transfer the company's website”.

**7.2.-** To redraft Article 6 bis (“Limitation on holdings in share capital”), Article 7 (“Accounting records”) and Article 16 (“Issuance of bonds”), included in Title II “Capital and shares” of the Articles of Association as follows:

### **“ARTICLE 6 BIS. - LIMITATIONS ON HOLDINGS IN SHARE CAPITAL.**

“No individual or body corporate may hold a direct or indirect stake of more than 5% in the equity capital of the Company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural persons or bodies corporate that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the System Technical Manager of over 1%. These restrictions will not apply to direct or indirect equity interests held by public-sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, the Hydrocarbons Industry Act shall apply.

Enagás may not transfer to third parties shares of the subsidiaries included in its Group that undertake transmission and technical systems management, which are

regulated businesses under Hydrocarbons legislation".

#### **"ARTICLE 7. – ACCOUNTING RECORDS.**

The entity in charge of keeping accounting records in respect of the shares is the Servicio de Compensación y Liquidación de Valores [securities clearing and settlement service], or such entity as may in future replace it, together with its affiliated entities, on the terms prescribed by current laws and regulations.

The company may at any time request from the companies legally entrusted with keeping the book entry registry, the data required to identify shareholders and their recognition as such, including their addresses and contact details, to ensure communication with them and, if applicable, to create to this end a Shareholder Register for the company via the corresponding resolution of the Board of Directors".

#### **"ARTICLE 16. – ISSUE OF MARKETABLE SECURITIES.**

It is 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".

**7.3.-** To redraft Article 18 ("General meeting"), Article 21 ("Extraordinary meeting"), Article 22 ("Convening the General Meeting"), Article 27 ("Attendance at meetings, representation by proxy and voting"), Article 31 ("Right to information") and Article 32 ("Minutes of proceedings"), included in Section 1 "Shareholders' Meeting", of Title III "Governing bodies of the Company" of the Articles of Association, as follows:

#### **"ARTICLE 18. – GENERAL MEETING.**

The shareholders, when constituted as a duly summoned General Meeting, shall by a majority of votes decide upon the matters that fall within the powers of the General Meeting.

The General Meeting is responsible for addressing and agreeing upon the following issues:

- a) Approval of the annual accounts, the appropriation of earnings, and approval of company management.

- b) The appointment and removal of directors, liquidators, or, where applicable, account auditors, and likewise the institution of liability actions against any of them.
- c) Amendments to the Articles of Association.
- d) To effect capital increases and reductions.
- e) To suspend or restrict the pre-emptive subscription right.
- f) To restructure, merge, or split the company, or fully transfer the assets and liabilities thereof, and to agree to move the registered office outside Spain.
- g) To dissolve the Company.
- h) To approve the final balance sheet for liquidation purposes.
- i) Any other affairs prescribed by law or the Articles of Association.

All shareholders, including those absent or dissentient, are bound by resolutions of the General Meeting.

The company will guarantee, at all times, equality in the treatment of all shareholders in the same position, with regards to information, participation and exercising voting rights at General Shareholder Meetings”.

#### **“ARTICLE 21. – EXTRAORDINARY GENERAL MEETING**

Any General Meeting other than as stipulated in the preceding article shall be an extraordinary General Meeting.

The Board of Directors may convene an extraordinary General Meeting if it thinks fit in the Company's interests, and is under a duty to call such meeting upon the requisition of shareholders holding at least 5% of capital, such requisition to specify the business to be transacted at the General Meeting. In this event, the General Meeting must be summoned for a date within two months following the day on which the Board of Directors was requisitioned via a notary.

The agenda must specify the business that is the subject matter of the requisition.”

#### **“ARTICLE 22. – CONVENING THE GENERAL MEETING.**

The General Shareholder meeting must be convened by public announcement in the following media at least: (a) by the placing of a notice in the Boletín Oficial del Registro Mercantil [official gazette of the registrar of companies] or in a daily newspaper with one of the broadest circulations in Spain; (b) the website of the CNMV, the Spanish securities market regulator; and (c) on the company's website. The announcement published in the company's website will remain accessible via the same until the General Shareholders' Meeting is held at least. The Board of Directors may decide to publicise the convening of the meeting in any other media that it might see fit, to provide greater publicity for the meeting.

Notices convening the sessions shall be issued at least one month prior to the date

of the event. Notwithstanding the foregoing, when the Company offers shareholders the effective possibility of voting by electronic means accessible to all shareholders, Extraordinary Shareholders' Meetings may be convened with minimum notice of fifteen days. The reduction of the required convening notice period will require and express resolution adopted at a General Shareholders' Meeting by at least two thirds of subscribed capital with voting rights. This resolution will not be valid beyond the date that the subsequent meeting is held.

The Notice of Meeting shall give the name of the Company, the original date and time scheduled for the meeting on first call, as well as the agenda, listing all matters to be dealt with at the meeting, the position of the person or persons executing the call and, the date the shareholder must have his/her name registered to participate and vote at the General Shareholders' meeting, the place and format that the complete text of the documents and proposed resolutions can be obtained, and the address of the company website where the information will be available. In addition, the date shall be specified for the holding of the General Meeting if adjourned for lack of quorum.

There must be an interval of at least twenty-four hours between the first and second meetings.

Furthermore, the notice shall contain clear and exact information on the formalities that the shareholder must complete in order to take part and register their vote at the General Shareholders' Meeting, in particular the following information:

- a) The right to request information, to include points in the agenda and to submit resolution proposals, as well as the deadline to exercise their rights. Whenever it is stated that further information on said rights can be found on the website, the notice may be limited to stating the deadline for exercising rights.
- b) The system for issuing votes by proxy, with particular mention of the forms that must be used to delegate votes and the media that must be used for the company to accept notification of delegated representation by electronic means.
- c) The procedures established for remote voting, whether by post or electronic means.

The convening notice must indicate the right of shareholders to freely and immediately access, at the registered office, those documents that must be subjected to shareholder approval and the auditor's report.

From the moment the convening is announced and up until the General Shareholders' Meeting is held, the following information must be continuously posted on the company's website:

- a) The convening notice.
- b) The total number of shares and voting rights on the date of the convening, broken down by share categories if any.
- c) The documents that will be presented at the General Shareholders' Meeting, in particular the management, auditor and independent expert reports.
- d) The full texts of the proposed resolutions or, if none, a report from the competent bodies detailing each point of the agenda. As they are received, resolutions proposed by shareholders will also be included.



- e) The forms that must be used for vote by proxy and remote voting, except when sent directly by the company to each shareholder. If for technical reasons these cannot be posted on the website, the company must include on the website information on how to obtain hard copies of these forms and must send them to any shareholder that requests them.

Shareholders that represent at least five percent of share capital may request that a supplement to the convening notice for the general Shareholders' Meeting be published, including one or more points in the agenda, provided that the new points are accompanied with their justification or, if applicable, a justified resolution proposal. In no case may said right be exercised for the convening of Extraordinary Shareholder's Meetings. In order to exercise this right, shareholders must submit their request by means of a certified notification which must be received at the registered office of the Company within the five days following the publication of the notice of the meeting. Any such supplement to the Notice of Meeting shall be published at least fifteen days in advance of the scheduled date of the General Meeting. Failure to publish the supplement to the Notice of Meeting by the statutory deadline shall render the Meeting void.

Shareholders representing at least five percent of share capital may, within the time limit and in the manner indicated in the foregoing paragraph, present well-founded proposals for resolutions on matters already included or that should be included on the agenda. The company will ensure that these resolutions proposals and any attached documentation reach the rest of the shareholders, in accordance with the provisions of section d) of the seventh paragraph of this article".

#### **"ARTICLE 27. – ATTENDANCE AT MEETINGS, REPRESENTATION BY PROXY AND VOTING.**

Shareholders owning shares, registered at least five days prior to the date scheduled for the General Meeting with the corresponding registers of any of the entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores [securities clearing and settlement entity], or the entity replacing it, may attend and vote at General Meetings.

Any shareholder having attendance and voting rights under this article may exercise such rights to vote on motions on the business on the agenda at any class of General Meeting by attending such meeting and voting in person or by post, by recognised electronic signature or other electronic means, or by any other medium of remote communication satisfying the requirements prescribed by laws and regulations, provided that the identity of the person exercising voting rights and the security of electronic communications are properly assured.

The General Shareholders' Meeting Regulations may govern remote exercising of said rights, including in particular any or all of the following forms:

- a) Real-time streaming of the General Shareholders' Meeting.
- b) Real-time bi-directional communication to allow shareholders to address the General Shareholders' Meeting from other locations.
- c) A mechanism to exercise votes prior to or during the General Shareholders' Meeting, without having to appoint a representative physically present at the meeting.

A shareholder casting his/her votes remotely shall for the purposes of constitution of any General Meeting count as being present.

A shareholder having attendance rights may have himself represented by proxy at a General Meeting by another person, who need not be a shareholder. Proxies must be conferred in writing, by post, a recognised electronic signature, or any of the other legally permitted electronic or remote communication methods. The identity of the representative must be duly guaranteed, and shall be valid only for the particular meeting in question.

The provisions of the foregoing paragraph will likewise be applicable to notification of the proxy to the Company, and revocation of the appointment. The company will establish the system for electronic notification of the appointment with the formal requisites provided to ensure the identification of the shareholder and the designated proxy or proxies.

If the represented shareholder has issued voting instructions, their proxy holder shall cast their vote in accordance with said instructions and shall be bound to safeguard the instructions for one year starting from the date of the meeting that is being called.

The proxy may represent more than one shareholder, with no restrictions on the number of shareholders they may represent. When a proxy represents various shareholders, the proxy may vote in more than one direction based on the instructions of each shareholder. In all cases, the number of shares represented shall be counted towards the valid constitution of the meeting.

Before their appointment the proxy holder must inform the shareholder in detail if there is any conflict of interest, in accordance with the provisions of article 523 of the LSC. If the conflict arises after the appointment and the proxy holder had not advised the represented shareholder of the possible existence thereof, the proxy holder must inform the shareholder immediately. In both cases, if the proxy holder does not receive new precise voting instructions for each of the matters upon which the proxy holder must vote on behalf of the shareholder, the proxy holder must abstain from casting their vote.

A financial intermediary may, on behalf of those shareholder clients who have empowered the intermediary to act for them, cast the votes in opposing ways, in compliance with different voting instructions, if such instructions have been received. The direction of the vote must be reported to the company. The intermediaries who are empowered to act must provide the Company, within the seven-day period prior to the scheduled date of the meeting, with a list containing the identity of each client, the number of shares regarding which it will exercise voting rights on behalf of said client, and any voting instructions that the intermediary has received.

In the event of a call for proxies, there shall apply articles 186 and 526 of the LSC.

A granted proxy shall always be revocable, and personal attendance at a General Meeting by the principal shall operate as a revocation.

The Rules and Regulations of the General Meeting shall implement the means and requirements for the proper exercise of rights of attendance, voting and representation by proxy and the procedures in place for those purposes.

Subject to the relevant provisions of the Rules and Regulations of the General Meeting, and at all events in fulfilment of statutory requirements, the Board of Directors shall be competent to determine the time as from which shareholders may cast their votes or grant proxies by electronic or other remote communication means, having regard to the state of the art of the technical means required.

### **"ARTICLE 31. - SHAREHOLDERS' RIGHT TO INFORMATION.**

Up to the seventh day before the meeting is held, shareholders may request from Directors any information or clarification they deem appropriate concerning business on the agenda, or submit in writing the questions they judge relevant. With the same notice and form, or verbally during the meeting, shareholders may request information or clarifications, or ask questions with regards to the publically available information that the company has provided to the Comisión Nacional del Mercado de Valores since the last General Shareholders' Meeting was held and with regards to the auditor report.

The Directors shall be under a duty to supply the information requested in accordance with the foregoing paragraph, in writing, up until the day on which the General Meeting is held.

During the General Meeting, shareholders may verbally request any information or clarifications they deem appropriate concerning business on the agenda, and, if it is impracticable to meet such requests at that time, Directors must provide written answers within a period of seven days following the end of the Meeting.

The Directors are under a duty to furnish the information requested under the three foregoing paragraphs unless, in the view of the Chairman, publicity of the requested information would harm the Company's interests.

The directors are not obliged to respond to specific questions from shareholders when, prior to the question being asked, the information is clearly and directly available to all shareholders on the website under the question and answer format.

No such refusal may be made if the request is put forward by shareholders representing at least twenty-five percent of the Company's share capital".

### **"ARTICLE 32. - MINUTES OF PROCEEDINGS.**

The General Meeting shall adopt its resolutions by a majority of votes. Each share carries one vote.

For each session of the General Meeting the respective minutes shall be written in the book of proceedings, stating the following particulars: date and venue of the meeting; date and manner in which the notice of meeting was given, except in the case of a universal General Meeting, indication of the media by which the notice of meeting was published; full text of the notice of meeting, or, if the General Meeting is universal, the items of business accepted on the agenda for the session; the shareholders present at the meeting, in the manner set forth in article 30, and, if the General Meeting is universal, the names of those present, followed by the signature of each; a summary of the matters discussed and of the speeches for which a record was requested; the content of any resolutions passed. For each resolution put to vote at the General Meeting, the number of shares represented by valid votes, the proportion of share capital represented by said votes, the total number of valid votes, the number of votes for and against each resolution and, if any, the number of abstentions must be determined.

The resolutions adopted and the results of votes will be published in full on the company's website within five days from the General Shareholders' Meeting being held.

Minutes may be adopted by the General Meeting itself after the session or, failing this, within fifteen days thereafter by the Chairman and two Referees, one representing the majority and the other the minority.

Corporate resolutions will be enforceable as from the date on which the minutes containing them are approved."

**7.4.-** To redraft Article 35 ("Composition of the Board"), Article 36 ("Remuneration of the Board of Directors"), Article 37 ("Posts"), Article 39 ("Meetings of the Board of Directors"), Article 44 ("Audit and Compliance Committee") and Article 45 ("Appointments, Remuneration, and CSR Committee"), included in Section 2 "Board of Directors", of Title III "Organs of the Company", as follows:

**"ARTICLE 35. – COMPOSITION OF THE BOARD.**

The Company shall be governed and managed by the Board of Directors, which shall represent the Company as a collegiate body, both in and out of court. Its representation shall extend, with no limitation of powers, to all acts embodied in the Company's objects.

The Board of Directors shall be composed of a minimum of six members and a maximum of fifteen, appointed by the General Shareholders' Meeting.

Directors shall be elected by vote. For this purpose, the shares that are voluntarily pooled, to make a share capital that is equal to or greater than the result of dividing the latter by the number of Directors, shall be entitled to appoint a number of Directors equal to the integer number resulting from that proportion. If this power is exercised, the shares pooled in this way shall not take part in the voting for the appointment of the remaining Directors.

A director need not be a shareholder, may step down from office, may have his appointment revoked, and may be re-elected on one or more occasions.

Appointment as director shall take effect upon acceptance of the post.

The following cannot be Directors or, if applicable, natural person representatives of a legal person Director:

- a) Natural or legal persons who hold the post of director in more than 5 (five) companies whose shares are admitted to trading on national or foreign markets.
- b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group".

**"ARTICLE 36. – BOARD OF DIRECTORS REMUNERATION.**

The position of Director shall be remunerated.

The General Meeting shall determine the total maximum remuneration to be paid to Directors, and this shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine.

When setting remuneration, the General Meeting may resolve that part of such pay remunerate the office of director itself, equally for all directors, and another part be

apportioned by the Board on such basis as may be determined at the General Meeting.

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 remuneration systems based on the price of the shares quoted on a public exchange. The application of said systems shall be presented to the General Meeting for approval, and the Meeting shall determine the value of the shares granted to each Director, the price for the exercise of option rights, the term of duration and all other conditions deemed appropriate.

Remuneration established herein shall be compatible with and independent from salaries, wages, indemnifications, pensions or compensations of any type established in general or in particular for those members of the Board of Directors who are linked to the company through a normal labour relationship, special senior executive contract, or a contract for services. Such relationships must be compatible with the position of member of the Board of Directors.

Remuneration established herein shall be compatible with and independent from salaries, wages, indemnifications, pensions or compensations of any type established in general or in particular for those members of the Board of Directors who are linked to the company through a normal labour relationship, special senior executive contract, or a contract for services. Such relationships must be compatible with the position of member of the Board of Directors.

The company may contract civil liability insurance for board members and senior management.

Board Member remuneration shall be reported in the terms legally provided for in the Report, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report. This latter report shall be subject to an advisory vote as a separate item on the agenda of the General Shareholders' Meeting".

### **"ARTICLE 37.- POSTS.**

The Board of Directors shall appoint its Chairman.

The Board of Directors may appoint an Independent Director, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, to perform the following duties, under the title of Lead Independent Director:

- a) To request the Chairman of the Board of Directors to convene that body when said Lead Independent Director deems it appropriate.
- b) To request that items be included on the Agenda of the meetings of the Board of Directors.
- c) To coordinate and voice the opinions of External Directors.
- d) To oversee the Board's evaluation of its Chairman and, where appropriate, the Managing Director.
- e) To perform as a Deputy Chairman the functions of the Chairman as regards the Board of Directors if the Chairman is absent, ill or unable to act as Chairman for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section the most senior director in age shall act as Chairman.

The appointment of a Secretary is also incumbent on the Board of Directors, which may appoint, in addition, a Deputy Secretary, who in the Secretary's absence shall act as Secretary. These posts may be filled by non-directors. In lieu of a Deputy Secretary, the most junior director in age shall act as Secretary.

The Chairman and the Secretary to the Board of Directors and the Deputy Secretary, if any, if re-elected to the Board by a resolution of the General Meeting, shall continue to perform the offices hitherto held on the Board without need of being freshly elected, subject to the power of revocation of such offices that rests with the Board of Directors.

**"ARTICLE 39. – MEETINGS OF THE BOARD OF DIRECTORS.**

The Board of Directors shall meet at least once every two months, and, in addition, whenever convened by the Chairman or upon requisition by a majority of Directors.

Meetings shall ordinarily be held at the registered office, but may also be held elsewhere and by any means that the Chairman may determine. Such a venue or manner of holding of the meeting must be specified in the notice of meeting.

A meeting shall be convened, by any channel, by the Chairman, stating the venue of the meeting and the business to be transacted. Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating the agenda, to be held in the locality where the registered office is located, if they have requested the chairman to convene the meeting and the meeting has not been called within one month without reasonable cause.

However, a meeting of the Board of Directors shall be valid without need of prior notice if, all Directors being present, the Directors unanimously decide to hold a session.

The Board Meeting shall be validly constituted when one half of the membership plus one member are in attendance or represented at the Meeting. A Director may grant a proxy to another Director, but no Director present at a meeting may hold more than two proxies.

Resolutions shall be carried by an absolute majority of Directors present at the session.

Votes may be cast in writing and in the absence of a meeting if no Director objects to such procedure".

**"ARTICLE 44. - AUDIT AND COMPLIANCE COMMITTEE.**

The Board of Directors shall appoint from among its members an Audit and Compliance Committee that shall comprise a minimum of three and a maximum of five Directors. No Executive Directors may be included among the members of the Committee. At least one member of the Committee must be independent and will be appointed in light of his knowledge and track record in matters of accountancy, auditing, or both. The Board of Directors shall elect a Chairman from amongst the Committee members, but the Chairman shall not have the casting vote. The Chairman, who will be an Independent Director, must be replaced every four years, but may be re-elected once the term of one year has elapsed from his or her removal.

The Audit and Compliance Committee shall have powers and responsibilities in respect of the following matters:

- To provide information at General Meetings on issues raised by shareholders that fall within the scope of its powers.
- To see to the proper operation of the Company's internal control, its internal audit function, if applicable, and risk management systems, and discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit.
- To supervise the preparation and submission of regulated financial information relative to the Company and its Group.
- To propose to the Board of Directors, for submission to the General Meeting, the appointment of the external accounts auditor, in accordance with article 264 of the LSC, and the fees payable to the auditor.
- To liaise with the account auditors to obtain information on any issues that could compromise the latter's independence for appraisal by the Committee or any other subjects related to the auditing process, and on any other disclosure obligations established in legislation on the annual audit process and in auditing standards. At all events, they must annually receive from the auditors a written confirmation of their being independent from the Company and any entity directly or indirectly related to it, and a disclosure of any manner of additional services provided to such entities by the auditors or persons or entities related to them in accordance with Ley 19/1988 (the Audit Act, 1988).
- 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. The report must at all events make reference to the provision of additional services referred to in the above sub-section.

Committee meetings shall be called by the Chairman and shall take place 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 execution of its duties".

**"ARTICLE 45. – APPOINTMENTS AND REMUNERATIONS COMMITTEE. REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY.**

The Board of Directors shall appoint from among its members an Appointments, Remuneration and CSR 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 number. The Committee Chairman shall be an Independent Director selected from among Committee members by the Board of Directors, and shall not have a casting vote.

The Committee shall have powers and responsibilities in respect of the following matters:

- To propose remuneration criteria for the Directors of the Company and of Group companies, in accordance with the stipulations of the Articles of Association and in line with resolutions passed at the General Meeting, and to ensure that remuneration is transparent.

- To propose a general remuneration policy for Enagás, S.A. management personnel and guidelines relating to the nomination, selection, promotion and dismissal of senior managers of the Company and Group, in order to ensure that the Company has the appropriate highly qualified staff for administering its business at all times.
- To revise the structure of the Board of Directors of Enagás and the companies included in its Group, as well as the criteria for the re-appointment of Directors pursuant to the Company's Articles of Association, the incorporation of new members and any other aspects relating to its composition that it deems appropriate.
- To report to the Board on transactions that entail or could entail a conflict of interest.
- Report to the Board on the general CSR and Corporate Governance policy, ensuring the adoption and effective application of best practices, both those which are compulsory and 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."

**7.5.-** To redraft Article 49 ("Preparation of the annual accounts"), Article 50 ("Appointment of Auditors") and Article 55 ("Deposit and Publicity of Financial Statements"), included in Title V "Annual accounts" of the Articles of Association, as follows:

**"ARTICLE 49. – PREPARATION OF THE ANNUAL ACCOUNTS.**

The Board of Directors must prepare, within three months of the close of the Company's financial year, its financial statements, Directors' Report and proposed appropriation of profit, and, where appropriate, the financial statements and Directors' Report of the consolidated group.

The annual financial statements shall comprise the balance sheet, income statement, the statement of changes in equity, the cash flow statement and notes to the financial statements. These documents, which together constitute a unit, shall be clearly and concisely written and provide a true and fair view of the company's equity, financial position and results of operations.

The annual accounts and Management Report must be signed by all directors and if the signature of any director is missing, this must be indicated in all the documents, clearly indicating the reason."

**"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 juristic persons, who shall act jointly. If the appointed auditor(s) is(are) (a) natural person(s), the General Meeting must appoint a substitute auditor for each incumbent auditor.

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 registrar of companies with jurisdiction at the registered office to appoint one or more persons to conduct the audit, in pursuance of the Reglamento del Registro Mercantil [registrar of companies 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 to revoke the appointment of the auditor appointed by the General Meeting or by the registrar of companies and appoint another.

#### **"ARTICLE 55. – DEPOSIT AND PUBLICATION OF FINANCIAL STATEMENTS.**

Within one month following the adoption of the financial statements, there must be filed for deposit with the registrar of companies with jurisdiction at the registered office a document, duly signed, certifying the resolutions of the General Meeting adopting the financial statements and the appropriation of profit or loss, to which shall be attached a copy of each financial statement, as well as the Directors' report and of the auditors' report.

### **PROPOSED RESOLUTION 8**

To amend the following Articles of the Regulations of the General Meeting: Article 4 ("Powers of the General Meeting"); Article 5 ("Convening the General Meeting"); Article 7 ("Shareholders' right to information"); Article 9 ("Right of attendance"); Article 10 ("Representation rights"); Article 11 ("Voting rights"). Article 13 ("Proceedings of the General Meeting") and Article 16 ("Publicity").

The proposed amendment is essentially due to changes to several provisions of Ley 25/2011, dated 1 August, partially reforming the LSC and the incorporation of European Parliament and Council Directive 2007/36/CE, dated 11 July, on exercising certain rights for shareholders in listed companies, and the opportunity to introduce some amendments to improve Corporate Good Governance Practices.

The Enagás S.A. Board of Directors, for the purposes provided for in article 1 of Rules and Regulations of General Shareholders' Meetings, has prepared the rationale for the proposed amendments to certain articles of the Rules and Regulations of General Shareholders' Meetings, which is made available to shareholders.

We therefore propose to the General Meeting that the articles of the Rules and Regulations of the General Meeting referred to above be entirely redrafted. The

amendment and redrafting proposal for said articles is submitted for consideration and voting before the General Meeting, grouping them by topic into three independent resolutions.

**The following proposed resolutions are laid before the Ordinary General Meeting:**

**8.1.-** To redraft Article 4 (“Powers of the General Meeting”) and Article 5 (“Convening the General Meeting”) of the Rules and Regulations of the General Shareholders’ Meeting as follows:

**"4.- POWERS OF THE GENERAL MEETING**

The powers of the General Meeting, pursuant to the Ley de Sociedades de Capital [LSC] and the Articles of Association, shall extend to the following matters:

- a) To adopt, if thought fit, the Financial Statements of Enagás, the Consolidated Financial Statements of the Enagás Group, the performance of the Board of Directors and the proposed appropriation of profit or loss.
- b) To appoint and remove Directors (including the ratification or revocation of Director appointments made by the Board itself by co-option), liquidators and auditors, and to institute actions for liability against any such party in the Company's name.
- c) To alter the Articles of Association.
- d) To effect capital increases and reductions.
- e) To suspend or eliminate the pre-emptive subscription right.
- f) To restructure, merge, or split the company, or fully transfer the assets and liabilities thereof, and to agree to move the registered office outside Spain.
- g) To dissolve the Company.
- h) To approve the final balance sheet for liquidation purposes.
- i) Any other matters determined by law, the Articles of Association or these Rules and Regulations, in particular:
  - i. To authorise the execution of transactions in treasury shares.
  - ii. To resolve to issue bonds.
  - iii. To decide on transactions involving a structural change to the Company, such as assumption of membership of entities engaging in core activities carried on by the Company; acquisition or alienation of essential operating assets, where such transaction effectively involves changing the objects of the Company; or any transaction the effect of which is equivalent to the liquidation of the Company.
  - iv. To authorise the Board of Directors, if thought fit, to increase share capital in line with the provisions of article 297.1(1)(b) of the LSC.
  - v. To resolve upon business laid before the General Meeting by the Board of Directors, in accordance with the law.
  - vi. To adopt and amend the Rules and Regulations of the General Meeting.

In exercising its powers, the General Meeting shall not interfere with the powers and duties reserved for the Board or Directors.

The company will guarantee, at all times, equality in the treatment of all shareholders in the same position, with regards to information, participation and exercising voting rights at General Shareholder Meetings”.

## **"5.- CONVENING THE GENERAL MEETING**

### **5.1.- POWER AND DUTY TO CALL A MEETING**

The power to call an ordinary or extraordinary General Meeting rests with the Board of Directors, which shall draw up the agenda listing the business to be transacted by the General Meeting.

The Board must call the ordinary General Meeting within the first six months of each year.

The Board may call a General Meeting whenever it thinks fit for the benefit of the Company's affairs.

The General Meeting shall also be convened in any other event in which laws and regulations so require.

Without prejudice to the foregoing, the Board is under a duty to call an extraordinary General Meeting upon requisition by shareholders representing at least five percent of share capital, such requisition to specify the business to be addressed. In this case, the meeting must be called to be held within the two months following the date on which the management organ was required through a notary to call it; the notice of the meeting must include on the agenda the business that was the purpose of the request.

### **5.2.- PUBLICATION OF A NOTICE OF MEETING**

#### **5.2.1.- TIMING AND FORM OF PUBLICATION**

The General Shareholder meeting must be convened by public announcement in the following media at least: (a) by the placing of a notice in the Boletín Oficial del Registro Mercantil [official gazette of the registrar of companies] or in a daily newspaper with one of the broadest circulations in Spain; (b) the website of the CNMV, the Spanish securities market regulator; and (c) on the company's website. Notwithstanding the foregoing, when the Company offers shareholders the effective possibility of voting by electronic means accessible to all shareholders, Extraordinary Shareholders' Meetings may be convened with minimum notice of fifteen days. The reduction of the required convening notice period will require and express resolution adopted at a General Shareholders' Meeting by at least two thirds of subscribed capital with voting rights. This resolution will not be valid beyond the date that the subsequent meeting is held. The announcement published in the company's website will remain accessible via the same until the General Shareholders' Meeting is held at least.

Shareholders that represent at least five percent of share capital may request that a supplement to the convening notice for the general Shareholders' Meeting be published, including one or more points in the agenda, provided that the new points

are accompanied with their justification or, if applicable, a justified resolution proposal. In no case may said right be exercised for the convening of Extraordinary Shareholder's Meetings. In order to exercise this right, shareholders must submit their request by means of a certified notification which must be received at the registered office of the Company within the five days following the publication of the notice of the meeting.

Any such supplement to the Notice of Meeting shall be published at least fifteen days in advance of the scheduled date of the General Meeting. Failure to publish the supplement to the Notice of Meeting by the statutory deadline shall render the Meeting void.

Shareholders representing at least five percent of share capital may, within the time limit and in the manner indicated in the foregoing paragraph, present well-founded proposals for resolutions on matters already included or that should be included on the agenda. The company will ensure that these resolutions proposals and any attached documentation reach the rest of the shareholders, in accordance with the provisions of section d) of the fourth paragraph of the following article 5.2.2.

Prior to its publication, the Company must file the Notice of Meeting with the CNMV, the Spanish securities market regulator, the Spanish securities exchanges and any other markets on which the Company's shares are listed for trading and inform member entities of the relevant securities registration, clearing and settlement body.

In addition to the statutory requirements set out above, in order to achieve maximum dissemination and ensure that shareholders have sufficient time to request and obtain additional information related to the items on the Agenda, the Board of Directors shall endeavour to ensure that the notice is published in advance of the statutory deadline in a number of corporate communication media exceeding the minimum requirement established by law, unless this is impracticable because of the urgency of the situation or other circumstances beyond the control of the Board. In addition, the Notice of Meeting shall be re-published on a date closer to that scheduled for the meeting by way of reminder.

### **5.2.2.- CONTENT OF NOTICE**

The Notice of Meeting shall give the name of the Company, the original date and time scheduled for the meeting on first call, as well as the agenda, listing all matters to be dealt with at the meeting, the position of the person or persons executing the call and, the date the shareholder must have his/her name registered to participate and vote at the General Shareholders' meeting, the place and format that the complete text of the documents and proposed resolutions can be obtained, and the address of the company website where the information will be available. In addition, the date shall be specified for the holding of the General Meeting if adjourned for lack of quorum. There must be an interval of at least twenty-four hours between the first and second meetings.

Furthermore, the notice shall contain clear and exact information on the formalities that the shareholder must complete in order to take part and register their vote at the General Shareholders' Meeting, in particular the following information:

- a) The right to request information, to include points in the agenda and to submit resolution proposals, as well as the deadline to exercise their rights. Whenever it is stated that further information on said rights can be found on the website, the notice may be limited to stating the deadline for exercising

rights.

- b) The system for issuing votes by proxy, with particular mention of the forms that must be used to delegate votes and the media that must be used for the company to accept notification of delegated representation by electronic means.
- c) The procedures established for remote voting, whether by post or electronic means.

The convening notice must state the right of shareholders to freely and immediately access at the registered office those documents that must be subjected to the approval of the same and the auditor's report.

From the moment the convening is announced and up until the General Shareholders' Meeting is held, the following information must be continuously posted on the company's website:

- a) The convening notice.
- b) The total number of shares and voting rights on the date of the convening, broken down by share categories if any.
- c) The documents that will be presented at the General Shareholders' Meeting, in particular the management, auditor and independent expert reports.
- d) The full texts of the proposed resolutions or, if none, a report from the competent bodies detailing each point of the agenda. As they are received, resolutions proposed by shareholders will also be included.
- e) The forms that must be used for vote by proxy and remote voting, except when sent directly by the company to each shareholder. If for technical reasons these cannot be posted on the website, the company must include on the website information on how to obtain hard copies of these forms and must send them to any shareholder that requests them.

If a duly convened General Meeting fails to achieve quorum at the original date and time specified in the notice, and no provision was made in the notice for an adjourned meeting, the date and time of such adjourned meeting must be announced, subject to the same requirements of public disclosure as the original notice and the same agenda, within fifteen days following the date of the frustrated meeting and eight days in advance of the date established for the adjourned meeting.

In the event of a merger or division, the Notice of Meeting must contain the particulars of the merger or division plan specified in article 40 of the Ley 3/2009, and must mention shareholders' right to inspect the documentation of the proposed transaction subject to article 39 of the statute.

Further to the particulars referred to above, the Notice of Meeting may contain any other particulars deemed relevant for shareholders, such as whether the meeting is expected to achieve quorum at the original date and time or be adjourned, the availability of means of transport, details of the Shareholder Information Office and the website, and any other matter of interest."

**8.2.-** To redraft Article 7 ("Shareholders' right to information"), Article 9 ("Attendance rights"), Article 10 ("Representation rights") and Article 11 ("Voting rights") of the Rules and Regulations of General Shareholders' Meetings as follows:

## **"7. SHAREHOLDERS' RIGHT TO INFORMATION**

**7.1-** To facilitate the exercise of information rights in connection with the business to be addressed as the ordinary General Meeting, on the date of publication of the Notice of Meeting the Shareholder Information Office shall make the following documents available to shareholders:

- a)** The full text of the notice of General Meeting, setting out the resolutions proposed for adoption, and, where appropriate and as far as practicable, reports from the Board of Directors concerning their rationale and appropriateness.
- b)** Comprehensive documentation on the Enagás Annual Accounts and the Consolidated Annual Accounts of the Enagás Group, and on the proposed appropriation of Enagás profit or loss for the financial year in question.
- c)** Enagás Directors' Report and Consolidated Directors' Report for the financial year.
- d)** Auditors' Reports on the Consolidated Financial Statements and Enagás Financial Statements.
- e)** Annual Corporate Governance Report.
- f)** Any other report or information required by law or deemed appropriate by the Board of Directors.

If an extraordinary General Meeting is to be held, the Company shall make available to all shareholders any documents necessary for them to be properly informed as regards the proposed resolutions on the agenda.

Prior to the General Meeting, the Company shall make the above available to shareholders via the following channels:

- The Shareholder Information Office.
- A toll-free telephone number to be specified in the Notice of Meeting.
- The Company website.

In addition, the Company shall make the above documents available to shareholders on the occasion of the General Meeting itself.

The Shareholder Information Office shall be at shareholders' disposal to provide any information required with a view to the holding of the General Meeting.

**7.2-** Up to the seventh day before the meeting is held, shareholders may request from Directors any information or clarification they deem appropriate concerning business on the agenda, or submit in writing the questions they judge relevant. With the same notice and form, or verbally during the meeting, shareholders may request information or clarifications, or ask questions with regards to the publically available information that the company has provided to the Comisión Nacional del Mercado de Valores since the last General Shareholders' Meeting was held and with regards to the auditor report.

The Directors shall be under a duty to supply the information requested in accordance with the foregoing paragraph, in writing, up until the day on which the General Meeting is held.

During the General Meeting, shareholders may verbally request any information or clarifications they deem appropriate concerning business on the agenda, and, if it is impracticable to meet such requests at that time, Directors must provide written answers within a period of seven days following the end of the Meeting.

The Directors are under a duty to furnish the information requested under article 197 of the LSC unless, in the view of the Chairman, publicity of the requested information would harm the Company's interests, or supply of the information is barred under the law or the Articles of Association or a judicial or administrative decision.

The directors are not obliged to respond to specific questions from shareholders when, prior to the question being asked, the information is clearly and directly available to all shareholders on the website under the question and answer format.

No such refusal may be made if the request is put forward by shareholders representing at least twenty-five percent of the Company's share capital.

The information requested under article 197 of the LSC shall be provided to the shareholder requesting it in writing, within the period running from the date of the Notice of Meeting until the date of the Meeting inclusive, provided such request conforms to the time limit for exercise and scope determined by law and the Rules and Regulations of the General Meeting. The shareholder shall set out in writing the questions he/she thinks appropriate and the particulars or clarifications he/she thinks necessary, and shall expressly request that the Company reply in writing, and for that purpose shall indicate the address to which the information should be sent.

**7.3.-** A shareholder is entitled to make a written or oral request for any information he/it thinks relevant, even beyond the time limits directed in section 7.2 of these Rules and Regulations.

The Company shall as far as practicable endeavour to ensure to reply orally in the course of the General Meeting or in writing within such time frame as it thinks appropriate.

**7.4.-** Insofar as envisaged by prevailing legislation, and in accordance with the technical and legal terms thereof, the Company shall create an Electronic Shareholder Forum on its website with all safeguards duly in place. This forum will be available to individual shareholders and to any voluntary associations that may be set up and is intended to facilitate communication and dialogue before the General Meeting is held. The forum will be a venue for publishing proposed resolutions to be tabled as a supplement to the agenda set out in the notice of meeting, requests for adherence to such proposed resolutions, initiatives to achieve a sufficient percentage for the exercise of a statutory minority-interest right, and offers and requests for voluntary representation by proxy. The Board of Directors of the Company shall set the rules from time to time governing the functioning of the forum made available for the General Meeting.

## **"9. - RIGHT OF ATTENDANCE.**

Under article 27 of the Articles of Association, the right to attend and vote at a General Meeting shall be subject to the ownership of shares on record in the appropriate register at least five days in advance of the meeting.

Shareholders entitled to attend must prove their entitlement by any of the following forms of evidence:

- A)** An appropriate attendance and voting card to be issued by member entities of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores [Spanish central securities clearinghouse] or such body as may replace it in future, properly filled out for the purpose.
- B)** An electronic attendance and voting certificate issued by the entity entrusted with the register of dematerialised shares or the authorised share certificates depository entity, properly filled out for the purpose.

Shareholders entitled to attend under article 27 of the Articles of Association may attend the General Meeting held at the venue specified in the Notice of Meeting, in person or represented by proxy.

The Board of Directors may in future create a shareholder right to attend General Meetings by remote means if such manner of proceeding is permitted by the state of the art and an appropriate standard of certainty is assured as to shareholders' identity, the effectiveness of their rights and the proper conduct of the meeting".

## **"10. – PROXY RIGHTS.**

Any shareholder entitled to attend the meeting may procure to be represented by another person, who need not be a shareholder.

Proxies must be conferred in writing, by post, a recognised electronic signature, or any of the other legally permitted electronic or remote communication methods. In all cases, the identity of the proxy must be duly guaranteed, and shall be valid only for the particular meeting in question.

The Board of Directors shall determine the electronic notification system by which the shareholder shall notify the appointment of a proxy, in accordance with this article, based on existing technology. Such means of remote communication must satisfy the formal requirements provided with security standards to ascertain shareholders' identities and those of the proxy or proxies, and the effectiveness of their rights and the proper conduct of the meeting, as indicated by the Board in the Notice of Meeting and on the Company's website.

The provisions of the two foregoing paragraphs will likewise be applicable to notification of the proxy to the Company, and revocation of the appointment.

If the represented shareholder has issued voting instructions, their proxy holder shall cast their vote in accordance with said instructions and shall be bound to safeguard the instructions for one year starting from the date of the meeting that is being called.

The proxy may represent more than one shareholder, with no restrictions on the number of shareholders they may represent. When a proxy represents various shareholders, the proxy may vote in more than one direction based on the instructions of each shareholder. In all cases, the number of shares represented shall be counted towards the valid constitution of the meeting.



Before their appointment the proxy holder must inform the shareholder in detail if there is any conflict of interest, in accordance with the provisions of article 523 of the LSC. If the conflict arises after the appointment and the proxy holder had not advised the represented shareholder of the possible existence thereof, the proxy holder must inform the shareholder immediately. In both cases, if the proxy holder does not receive new precise voting instructions for each of the matters upon which the proxy holder must vote on behalf of the shareholder, the proxy holder must abstain from casting their vote.

A financial intermediary may, on behalf of those shareholder clients who have empowered the intermediary to act for them, cast the votes in opposing ways, in compliance with different voting instructions, if such instructions have been received. The direction of the vote must be reported to the company. The intermediaries who are empowered to act must provide the Company, within the seven-day period prior to the scheduled date of the meeting, with a list containing the identity of each client, the number of shares regarding which it will exercise voting rights on behalf of said client, and any voting instructions that the intermediary has received.

A proxy may be revoked at any time. If the principal attends the meeting in person, his/her proxies are automatically revoked, and he/she must inform the proxy-holder in order to ensure that such person does not attempt to exercise proxy rights he/she does not hold.

Shareholders who are natural persons disqualified from exercising their civil rights and shareholders that are juristic persons may be represented by any duly accredited legal representative. Both in cases of legal representation and delegation of attendance rights, no shareholder shall have more than one representative at the Meeting.

## **CALL FOR PROXIES**

Calls for proxies issued by Directors, custodian entities of the share certificates, entities entrusted with the register of dematerialised shares or any other person or entity publicly making such call on its own or on a third party's behalf shall be subject to article 186 and 562 of the LSC. A call for proxies shall be deemed to have been made if one and the same person holds proxies for more than three shareholders.

In particular, the document containing the call for proxies must contain, or have attached to it, the meeting agenda, the request for instructions for the exercise of voting rights and the manner in which the proxy-holder should vote in the event that no specific instructions are given.

In the event of a proxy requested and obtained by a Director, if no instructions are extant the proxy shall be treated as demanding a vote in favour of the motion of the Board, subject to any applicable statutory restrictions.

If Company Directors, or any other person acting on behalf of such Directors, effect a call for proxies, the Director that obtains such proxy may not exercise voting rights attaching to the shares thus represented in the event of conflict of interest, unless the proxy has received precise voting instructions for each of these points, specified in article 514 of the Spanish Enterprise Act (Ley de Sociedades de Capital, LSC). In all cases, the director shall be deemed to be in a position of conflict of interests with regards to the following decisions:

- a) His/her own appointment, re-election or ratification as a Director.

- b) His/her removal, dismissal or termination as a Director.
- c) The bringing by the Company of an action for liability against him/her.
- d) The adoption or ratification, as applicable, of Company transactions with the Director in question or with companies controlled or represented by him/her or by persons acting on his/her behalf.

A call for proxies may be made electronically in accordance with the implementing regulatory provisions issued on the matter and in such manner as these Rules and Regulations shall determine."

## **"11.- VOTING RIGHTS**

### **11.1.MEANS OF EXERCISING VOTING RIGHTS**

A shareholder entitled to attend under article 27 of the Articles of Association and under the implementing provisions of article 9 of these Rules and Regulations shall be entitled to vote, and may do so in person or by proxy, by any of the following means:

- A)** By personally attending and voting at the General Meeting, with an attendance and voting card properly filled out and signed for the purpose.
- B)** By post, by casting votes at the Shareholder Information Office, by recognised electronic signature or any other electronic means or, in general, by any other means of remote communication permitted by law, attaching an electronic attendance and voting certificate

The Board of Directors shall determine which electronic or remote media may be used to vote at each General Meeting pursuant to the provisions of this article and having regard to the state of the art. Such means of remote communication must satisfy the security standards required to ascertain shareholders' identities and the effectiveness of their rights and the proper conduct of the meeting, as indicated by the Board in the Notice of Meeting and on the Company's website.

The right to attend and vote using remote or electronic means, votes cast at the Shareholder Information Office or any other means of remote communication permitted in future must conform to any such statutory requirements as may be laid down and to the formalities and procedures directed by these Rules and Regulations.

### **11.2.- VALIDITY OF VOTES**

#### **A) Voting by personal attendance at the General Meeting**

To exercise his/her voting rights, a shareholder present at the General Meeting in person must, in addition to producing proof of identity in accordance with article 9 of these Rules and Regulations, identify him/herself as follows:

If he/she is a natural person, he/she shall exhibit a national identity card or passport.

If the shareholder is a juristic person, the natural-person representative attending and voting on its behalf shall exhibit his/her national identity card or passport and a document proving his/her power of attorney.

## **B) Votes cast by remote means of communication**

To be valid, a vote cast by any of the means of remote communication must be received by the Company at the Shareholder Information Office between the day of publication of the Notice of Meeting and no later than twenty-four hours prior to the earlier scheduled date and time of the General Meeting, subject to the Board's power to determine a shorter time limit.

A shareholder using such means of communication shall bear the burden of proof that notice was sent to the Company in due time and form.

A postal vote shall be valid provided that the shareholder sends to the registered office of the Company in a sealed envelope an attendance and voting card clearly stating the shareholder's identity, number of shares held and his/her vote on each item of the agenda, bearing his/her handwritten signature and having attached a copy of his/her national identity card or passport, if the shareholder is a natural person, and, additionally, a document accrediting power of attorney, if the shareholder is a juristic person.

If a shareholder votes by electronic or remote means, such vote shall be valid if a record is created, by an appropriate electronic attendance and voting certificate, of the shareholder's identity, by means of a recognised electronic signature or any other electronic media satisfying appropriate conditions of authenticity and identification of the shareholder thus exercising his/her voting rights, the number of shares he/she holds and his/her vote on each item on the agenda.

If a shareholder decides to cast his/her vote in person or by proxy at the Shareholder Information Office, he/she must produce an attendance and voting card clearly stating the shareholder's identity, number of shares held and his/her vote on each item of the agenda, bearing his/her handwritten signature, and shall further exhibit his/her identity card or passport, if the shareholder is a natural person, and a document accrediting proxy rights, if applicable.

**11.3.-** A shareholder casting his/her votes remotely shall for the purposes of constitution of any General Meeting count as being present.

**11.4.-** A vote cast by remote means may be invalidated only:

- a) if later expressly revoked by the same means used for its original issue, within the time limit for such issue; or
- b) if the shareholder casting the vote is present at the General Meeting in person.

Any sale of voting shares effected at least five days before the scheduled date of the Meeting shall render void any vote cast prior to such sale.

**8.3.-** To redraft Article 13 ("Proceedings of the General Meeting") and Article 16 ("Publicity") of the Rules and Regulations of the General Shareholders' Meeting as follows:

### **"13. PROCEEDINGS OF THE GENERAL MEETING**

#### **13.1.- DRAWING UP OF THE LIST OF ATTENDEES AND OPENING OF THE SESSION**

Before transacting the business on the agenda, a list of attendees shall be drawn up, stating the nature or representative capacity of each of them and the number of shares held by them or third parties with which they attend. The summary of the list of attendees shall determine the number of shareholders, present in person or by proxy, and the amount of share capital held by them, specifying the amount corresponding to shareholders with voting rights. The Deputy Secretary to the Board or the person so appointed by the Chairman in his/her absence shall provide the Presiding Panel with two copies of that summary duly signed by him/her or a scrutineer shareholder, if any.

Attendance shall be considered closed for the purposes of establishing a quorum at the time stated in the call for the commencement of the Meeting.

Shareholders or representatives arriving late at the Meeting venue may attend the Meeting once the admission of attendance and voting cards has been closed, but shall not be included on the attendance list nor, therefore, form part of the quorum for voting purposes.

Upon the opening of the General Meeting, the Secretary shall read out the particulars of the Notice of Meeting and of attendance, on the basis of the list of attendees drawn up by the Presiding Panel for the purpose, stating the nature or representative capacity of each of them and the number of shares held by them or third parties with which they attend.

Notwithstanding the foregoing, before the final tally of attendees has been ascertained the General Meeting may be properly constituted on the basis of a provisional quorum calculated minutes before the time of commencement of the session, provided that such quorum satisfies the statutory threshold for such purposes, and without prejudice to the Secretary's record of the final quorum, which he/she shall recite in the course of the meeting.

The list of attendees shall be drawn up on paper or using a computer file or other data carrier. The method so used shall be noted in the minutes, and an appropriate record of identification shall be written on the sealed cover of the file or data carrier, bearing the Secretary's signature and the Chairman's countersignature.

The list of attendees having been drawn up, and the presence having been verified of the quorum required under articles 193 and 194 of the LSC and 25 and 26 of the Articles of Association, the Chairman shall, if applicable, declare the General Meeting to be properly constituted.

If present, the notary engaged by the Company to draw up the minutes shall ask participants if they have any reservations or challenges to the details of shareholders and share capital read by the Chairman. Any shareholder with reservations shall show the member of the Panel his/her attendance card, and the panel shall verify and correct, as applicable, any possible errors.

Before giving his/her account of the financial period under consideration and of the proposed resolutions laid before the General Meeting, to facilitate the conduct of proceedings the Chairman shall ask shareholders wishing to take the floor to approach the officials assisting the Presiding Panel and exhibit their attendance cards for the purpose of arranging turns to speak. A shareholder who fails to express his wish to speak at this time may not subsequently exercise a right to speak.

The Chairman shall then inform the General Meeting on the salient features of the financial period and the Board's proposed resolutions; his/her account may be supplemented by persons authorised by him/her to do so.

### **13.2.- SHAREHOLDERS' DELIBERATIONS**

Having given his/her account, the Chairman shall give leave to speak to shareholders who have so requested, and shall keep the discussion within the bounds of the agenda, except as provided in article 223 of the LSC on special cases of removal of Directors and in article 238 of the LSC on the Company's instituting an action for liability against Directors.

The Chairman shall moderate the conduct of shareholders' deliberations, and may reply to shareholders collectively or individually. The Chairman shall end this stage of proceedings when, in his/her view, the matters raised have been discussed sufficiently.

### **13.3.- VOTING**

At the meetings, the various resolutions shall be put to the vote after being read out by the Secretary, except where the written text has been provided to shareholders in advance and, because of its length, the Chairman deems a full reading unnecessary. Reading of the resolutions may be dispensed with on the decision of the Chairman, provided that his/her decision is not opposed by shareholders representing a majority of subscribed voting capital and present at the meeting.

Issues that are essentially independent shall be put to the vote separately so that shareholders may exercise their voting preferences separately.

In order for resolutions to be adopted, in accordance with article 201 of the LSC, they must attract a vote in favour by a majority of subscribed capital with voting rights present in person or by proxy at the meeting.

Notwithstanding the above, in the case of capital increases or decreases, any other modification to the Articles of Association, bonds issues, elimination or restriction of the pre-emptive subscription right over new shares, the transformation, merger or division of the Company, the transfer of all the assets and liabilities thereof and the decision to move the registered office to outside Spain, at the adjourned meeting, and when the Meeting is attended by shareholders representing less than fifty percent of the subscribed voting capital, two-thirds of the subscribed voting capital present in person or by proxy must vote for the resolution in order for it to be adopted.

After each proposed resolution has been read out by the Secretary, the meeting shall proceed to vote. To determine the result of the vote, votes cast at the meeting by shareholders present or represented, votes cast by proxy as a result of the exercise of a call for proxies, within the terms of such delegation, and votes cast by post or by electronic means via the Shareholder Information Office or using any other remote communication media that satisfies the established prerequisites shall be included in the count.

To calculate votes for the items on the agenda at General Meetings, the Presiding Panel will include:

- As **votes against**, all votes corresponding to shares whose owners or representatives have indicated that they are voting against the resolution either by communicating or submitting their vote to the Secretary or, where

applicable, the Notary, for registration in the minutes, or by indicating their opposition via remote voting means.

- As **abstentions**, all votes corresponding to shares whose owners or representatives have notified their abstention either directly to the Secretary or, where applicable, the Meeting Notary, for registration in the minutes, or via remote voting methods.
- As **votes for**, all votes corresponding to all other shares present or presented at the meeting, and votes for cast by remote voting methods.

For resolutions on items not included on the agenda, which are covered by articles 223, 224 and 238 of the LSC, the Presiding Panel shall include:

- As **votes for**, all votes corresponding to shares whose owners or representatives satisfy the prerequisites set out below and have indicated that they are voting for the resolution by communicating or submitting their vote directly to the Secretary or, where applicable the Meeting Notary, for registration in the minutes.
- As **abstentions**, all votes corresponding to shares whose owners or representatives have notified their abstention either directly to the Secretary or, where applicable, the Meeting Notary, for registration in the minutes, or via remote voting methods.
- As **votes against**, all votes corresponding to all other shares present or presented at the meeting, and votes for cast by remote voting methods, provided that the prerequisites set out below are satisfied.

Proxy votes, including those secured by calls for proxies, may not be exercised in votes on resolutions not included on the agenda and put to the vote at General Meetings by virtue of the statutory provisions set out above, unless expressly so contemplated.

If in the course of a meeting a shareholder wishes to leave the session, the shareholder in question may address the Panel and, if so desired, ask that his/her voting intentions on each item on the Agenda be recorded in the minutes. If the shareholder fails to do so, it shall be assumed that he/she is voting in favour of all items pending vote included on the agenda and against any items not included on the agenda and submitted to the vote in his/her absence.

The Meeting Secretary shall read out the results of the vote on each resolution, indicating the number of votes for, number of votes against, and number of abstentions.

The scrutineers shall prepare a note on the result of each vote, including the votes previously cast and any change that may have occurred in the course of the meeting.

Once all resolutions have been put to the vote, the Meeting Secretary shall deliver to the Notary, if the Company has requested the attendance of a notary, the scrutineers' note containing data on the results of the vote on each resolution before the Chairman proceeds to close the session.

For each resolution put to vote at the General Meeting, the number of shares represented by valid votes, the proportion of share capital represented by said votes, the total number of valid votes, the number of votes for and against each resolution and, if any, the number of abstentions must be determined".

## **"16.- PUBLICITY**

**16.1.-** Independently of other publicity measures required legally or by regulations for each case, shareholders may see the resolutions adopted by the General Shareholder meeting and the results of the votes via the company's website, which will publish the full text within five days of the General Meeting closing.

**16.2.-** Likewise, the following content should also be published on the company's website:

- a. The Memorandum and Articles of Association.
- b. The Rules and Regulations of the General Meeting.
- c. The Rules and Regulations of the Board of Directors and, if applicable, the Rules and Regulations of Board Committees.
- d. The Annual Report and Internal Code of Conduct.
- e. Corporate Governance Reports.
- f. Annual Directors Remuneration Reports.
- g. The documents relating to ordinary and extraordinary General Meetings, specifying agendas, proposals advanced by the Board, and any significant information that shareholders may need to cast their votes, within the time limit set by the CNMV, the Spanish securities market regulator.
- h. Information on the proceedings of previously held General Meetings, and, in particular, on the composition of the General Meeting when constituted and the resolutions adopted, stating the number of votes cast for and against each motion on the agenda, within the time limit set by the CNMV.
- i. Channels of communication in place as between the Company and shareholders, and, in particular, appropriate guidance for exercising shareholders' rights to information, indicating the postal and electronic addresses to which shareholders may write.
- j. The channels and procedures for granting proxies for General Meetings in accordance with the specifications laid down by the CNMV.
- k. The channels on procedures for casting votes remotely, in accordance with the rules implementing the appropriate system, including, as applicable, any forms required to prove remote attendance and voting at a General Meeting.
- l. Significant events.
- m. Electronic shareholders forum in the terms governed by corresponding regulations.

**16.3.-** In addition, registrable resolutions shall be filed at the Registro Mercantil [the Spanish registrar of companies], and submitted for publication in the Boletín Oficial del Registro Mercantil [official gazette of the registrar of companies].

**16.4.-** The Company shall endeavour to ensure that all the information posted on the website is duly updated and that its content is consistent with that of the documents filed and deposited with the appropriate public registers."

#### **RESOLUTION 9**

To authorise the Board of Directors to resolve to increase the share capital pursuant to LSC Article 297.1(b), in one or more transactions, by no more than one half of the capital existing at the time of the authorisation, within a five-year period starting from the day the resolution was passed by the General Meeting.

In accordance with article 297. 1 b) and 286 of the LSC, the Board of Directors has issued a written statement of the reasons for this proposed resolution. The statement is made available to shareholders on the day of the Notice of Meeting.

It is noteworthy that the resolution does not include the possibility of cancelling pre-emptive subscription rights of shareholders.

The General Meeting held on 11 May 2007 passed a similar resolution, which is due to expire soon, as five years will have passed since it was adopted.

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

"To empower the Board of Directors, as broadly as is legally necessary, so that, in accordance with article 297.1(b) of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC"), it may, at any time, increase share capital, in one or more transactions, within a period of five years as of the date of this General Meeting by a maximum amount of €179 million through the issuance of new shares, with or without voting rights or issue premium, and with consideration for such new shares being monetary contributions, entitling the Board to set the terms and conditions of the capital increase and the characteristics of the shares; freely offer the new unsubscribed shares with a period or periods of preferred subscription; establish that, in the event of incomplete subscription, the capital shall be increased only in the amount of the subscriptions made; and provide new wording for the article of the Company's Articles of Association governing share capital."

#### **PROPOSED RESOLUTION 10**

To ratify, appoint, renew or re-elect members of the Board of Directors.

Due to expiry of their statutory mandates, board proposes the re-election as directors, for the statutory four-year period, of Peña Rueda S.L. Unipersonal, which is deemed a Proprietary Director, proposed by Cantábrica de Inversiones de Cartera, S.L a shareholder of the company; Bilbao Bizkaia Kutxa (BBK) which is deemed a Proprietary Director, proposed by Kartera 1, S.L. shareholder of the company); and of Sociedad Estatal de Participaciones Industriales (SEPI) which is deemed a Proprietary Director, proposed by SEPI itself, a shareholder of the company

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



- 10.1.- To re-appoint Peña Rueda S.L. Unipersonal as a director for the statutory four-year period. Peña Rueda S.L. Unipersonal is a Proprietary Director.
- 10.2.- To re-appoint the company Bilbao Bizkaia Kutxa (BBK) as director for the four-year term stipulated by the Articles of Association. Bilbao Bizkaia Kutxa (BBK) is a Proprietary Director.
- 10.3.- To re-appoint Sociedad Estatal de Participaciones Industriales (SEPI) as director for the four-year term stipulated by the Articles of Association. Sociedad Estatal de Participaciones Industriales (SEPI) shall serve as proprietary director.

#### **PROPOSED RESOLUTION 11**

To submit to the advisory vote of the Meeting the Annual Report on the Directors' Remuneration Policy referred to in Article 61b of the Ley de Mercado de Valores (Securities Market Act, "LMV").

The Board of Directors of Enagás, S.A., in its meeting of 20 February 2012, following a report from the Appointments, Remuneration and Corporate Social Responsibility Committee, prepared its annual report on remuneration paid to directors, for the purposes of Article 61 ter of Law 24/1988, which has been made available to shareholders. In accordance with section 2 of the aforementioned article, this annual report on remuneration paid to directors, which includes the company's remuneration policy adopted for the current year, that anticipated for future years, the overall summary of how the remuneration policy was applied over the year, as well as details of individual remuneration received by each of the directors, is subject to an advisory vote and as a separate item on the agenda.

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

#### **PROPOSED RESOLUTION 12**

To approve directors' remuneration for 2012.

Article 36 of the Articles of Association stipulates that the General Meeting shall determine the total maximum remuneration to be paid to Directors, and this shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine. When setting remuneration, the General Meeting may resolve that part of such pay remunerate the office of director itself, equally for all directors, and another part be apportioned by the Board on such basis as may be determined at the General Meeting.

Approval of the remuneration receivable by the members of the Board of Directors in 2012 represents no individual increase, and is the same as approved by the General Meeting for 2008, 2009, 2010 and 2011. However, the proposal does include the following new items:

- Adjusting total remuneration to the new maximum number of board members, down from 17 to 15, and the new maximum number of members of the Appointments, Remuneration and Corporate Social Responsibility Committee, which is up from 5 to 6, which are the results of the by-law reforms proposed by the board to the General Meeting.

- Elimination of the 32,025 euros remuneration allocated to the post of Vice-Chairman of the Board.
- Inclusion of remuneration of 16,000 euros for the post of "Lead Independent Director".
- Introduction of the "in-person" attendance requirement, and not "by proxy" to be eligible for payment of 22,050 euros for attending two meetings and the payment of the specific amount corresponding to attendance to each Board of Directors meeting. The board believes that this proposal will ensure that remuneration is more in accord with the actual performance of functions by the directors, while also incentivising them to attend board meetings in person, as good corporate governance practice.
- As a consequence of this, the total maximum potential remuneration under this item for the board is reduced from 1,249,733 euros to the sum of 1,115,741 euros.

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

"The General Shareholders' Meeting, in accordance with the second paragraph of article 36 of the company Articles of Association, agrees to set the figure of €1,098,000 as the maximum payment level for members of the Board of Directors for 2012, to be paid in accordance with the following method and criteria:

- Each Board member personally attending a minimum of two meetings during the year will be entitled to a payment of €22,050.
- In addition, effective attendance at sessions will entitle him/her to a maximum Director's payment of €42,446. The Board of Directors will decide the exact payment amount for personal attendance at each session.
- Additionally, Board Committee members shall be entitled to the sum of €1,025 per annum, with chairmanship of the same entitling them to an additional €5,513 per annum.
- The post of Lead Independent Director will be remunerated with the complementary sum of 16,000 euros.

The aforementioned sums are separate from remuneration or salary payments which may be additionally paid for work done or services provided by Directors, and also from the right to payment or reimbursement of expenses incurred in the course of their duties."

**POINT 13**

The report on amendments made to the "Regulations governing the organisation and functioning of the Board of Directors of Enagás, S.A."

Article 528 of the LSC stipulates that at listed *sociedades anónimas*, the Board of Directors, reporting to the General Meeting, will adopt internal regulations governing the operation of the board, in accordance with law and the company Articles of Association, that shall establish specific procedures designed to guarantee optimum administration of the company.

The Board of Directors has adopted certain modifications to the Regulations governing the organisation and functioning of the Board of Directors of Enagás, S.A., the content of which is provided to the General Meeting via a Report made available to shareholders at the time of convening the meeting.

#### RESOLUTION 14

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

**The following resolution is laid before the General Meeting:**

- One.- To delegate to the Board of Directors the broadest powers to powers to supplement, implement, perform, rectify and formalise the resolutions adopted at the General Meeting. The power to rectify shall encompass 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 Registro Mercantil [Spanish registrar of companies] or any other public authority with powers relating to the resolutions adopted.
  
- Two. To delegate indistinctly to the Chairman of the Board of Directors, Antonio Llardén Carratalá, and the Secretary, Rafael Piqueras Bautista, and to each of the board members, the powers required formally to record the resolutions adopted by the General Meeting and register those so requiring, in full or in part, with powers to that end to execute 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 20 February 2012.

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