

**Shared segregation project
of Banco Santander, S.A.**

IN FAVOUR OF

Santander Analytics, S.L.

(Newly incorporated company)

Boadilla del Monte, 21 February 2017

1. INTRODUCTION

For the purposes of the provisions of articles 74 et seq., in relation to article 71, of Spanish Law 3/2009, of 3 April, on structural modifications of companies (“**LME**”), the undersigned, in their capacity as members of the board of directors of Banco Santander, S.A. (“**Santander**” or the “**Segregated Company**”), have drawn up and signed this segregation project (hereinafter, the “**Segregation Project**” or the “**Project**”) by virtue of which Santander will segregate the Methodology and Validation departments of its Centre of Excellence (hereinafter, the “**Segregated Unit**”), transferring them to a newly created limited liability company, which shall be called Santander Analytics, S.L. (“**Santander Analytics**” or the “**Beneficiary Company**”).

This Project complies with the simplified regime provided for in articles 78 bis and 49 of the LME, in relation with articles 73 and 52, providing that the Beneficiary Company is a newly created company and is wholly and directly owned by the Segregated Company.

As a result, as described in greater detail in section 3 below, the Project will be approved by the Santander board of directors, as provided under article 49.1.4 of the LME, in relation to articles 73 and 52 of said legal text, although shareholders that represent at least 1% of the share capital in Santander will be offered the option to request the holding of a shareholders meeting to approve the segregation, in similar terms to those provided for under article 51 of the LME.

2. JUSTIFICATION OF THE SEGREGATION

The segregation of the Segregated Unit is part of the Santander Group corporate structure streamlining and optimisation process.

Currently, the Centre of Excellence activity, integrated in Santander itself, mainly involves the performance of support tasks in the definition and use of risk models used by the Santander Group, in the valuation of the respective exposures to risks underlying the Group activity, following the corporate policies. It is therefore a different activity that has its own resources and constitutes an economic unit.

Having analysed the activities and business model of the Segregated Unit in detail, it is deemed that if it were to operate autonomously and independently of Santander, as in the case of other so-called Santander Group “factories”, numerous advantages would be obtained. Among these, the following may be noted:

- (i) Centralisation of experience in risk models that allows maximisation of the added value of these services and the potential capture of efficiency gains.
- (ii) Adaptation flexibility and demand management, generation of economies of scale and establishment of a more efficient and transparent cost allocation model (invoicing by service).
- (iii) Ensuring greater independence in the functions of the Segregated Unit in relation to the Santander risk management units.
- (iv) Promotion of the specialisation of this business area and improvement of the capacity for innovation and talent management, with greater drive to innovation in this area and the acquisition and retention of highly specialised profiles.
- (v) Reconfiguration of the Segregated Unit towards the rendering of services to the different financial entities of the Group, which will have the capacity to demand its services as a

specialized consultor vis-à-vis other providers, generating thus an added value within the Group.

3. TRANSACTION STRUCTURE

The legal structure selected in order to implement the transfer of the Segregated Unit to Santander Analytics is segregation, as a typical form of demerger provided for in articles 68.1.3 and 71 of the LME.

Specifically:

- (i) In exchange for the assets segregated by Santander transferred to Santander Analytics, Santander will acquire the shares that make up the share capital of the Beneficiary Company.
- (ii) By means of the segregation, there will be a transfer *en masse* by universal succession to Santander Analytics of the assets that make up, as an economic unit, the Segregated Unit (as described in section 5.1). The transfer *en masse* of the Segregated Unit will include the assets, liabilities, rights, obligations and expectations to which it is subject, as well as the human resources and materials linked to its operation.

Given that the Beneficiary Company will be a newly created company and wholly and directly owned by Santander (which, in turn, ensures that the Santander shareholders hold an indirect share in Santander Analytics in the same proportion as their share in the capital of Santander), the simplified segregation regime shall apply as provided for under articles 78 bis and 49 –with reference to articles 73 and 52– of the LME. In this regard, (i) article 73 of the LME establishes that “*references to the resulting company [or absorbing company] of the merger are equivalent to references to the beneficiary companies of the demerger*”, therefore reference to the absorbing company in articles 22 et seq. of the LME (and particularly, articles 49 and 52) must be understood to refer to Santander Analytics and, as a result, the references to the absorbed company must be understood to refer to Santander; and (ii) article 52 of the LME deems the simplified regime of article 49 applicable in cases where the absorbed company – Santander in our case – is the direct or indirect owner of all of the shares in the absorbing company – Santander Analytics in our case.

By virtue of the foregoing:

- (i) The drafting of a directors' report on the Segregation Project will not be necessary in our case and, as Santander Analytics will be a limited liability company, an independent expert report will not be necessary either (articles 49.1.2 and 78 bis of the LME, in relation to articles 73 to 76 of the Spanish Corporations Law).
- (ii) The Project must not contain mentions relating to the share swap ratio, methods of implementing the exchange and exchange procedure, date from which the holders of the shares delivered in exchange have the right to share in the profits, nor the date of the accounts used to establish the conditions under which the segregation is implemented (article 49.1.1 and 74.2 of the LME).
- (iii) Approval by Santander of a segregation balance sheet will not be necessary (article 78 bis LME).

- (iv) Approval of the segregation by the general shareholders' meeting of Santander (equivalent to absorbed company by virtue of article 73 of the LME) will not be necessary (article 49.1.4 of the LME, together with the fact that the Segregated Unit does not constitute an essential asset or activity according to the terms provided for under the Spanish Corporations Law). As a result, it will be sufficient for the segregation to be approved by the Santander board of directors.

Notwithstanding the foregoing, Santander voluntarily offers its shareholders the option to request the calling of a general shareholders' meeting in order to approve the segregation in similar terms to those provided for under article 51 of the LME for certain cases. Therefore, Santander grants Santander shareholders that represent at least one percent of the share capital the right to demand the holding of a general meeting within a period of 15 days from publication of the last of the segregation announcements.

4. IDENTIFICATION OF INTERVENING COMPANIES

For the purposes of article 31.1 of the LME, it is hereby certified that:

4.1 Segregated Company

The Segregated Company is Banco Santander, S.A., a Spanish credit institution with registered office at Paseo de Pereda, no. 9 - 12, 39004 (Santander), tax identification number A-39000013 and registered in the Cantabria Companies Registry on page 286, folio 64, Companies Book 5, entry 1, and in the Bank of Spain Banks and Bankers Register under number 0049.

4.2 Beneficiary Company

The Beneficiary Company is a newly created limited liability company, the company name of which will be Santander Analytics, S.L. and the registered offices of which shall be established at Ciudad Grupo Santander, Avda. de Cantabria, s/n, 28660, Boadilla del Monte (Madrid). The incorporation of Santander Analytics shall be completed by means of the entry of the segregation deed in the Madrid Companies Registry.

5. DETERMINATION AND INFORMATION ON THE SEGREGATED NET WORTH

5.1 Segregated Net Worth

For the purposes of the provisions of article 74.1 of the LME, identified in the attached **Annex 1** are the Santander assets and liabilities that are included in the scope of the segregation, which shall be acquired by the Beneficiary Company as part of the segregation, by universal succession, and constitute an economic unit within the meaning of article 71 of the LME (hereinafter, the "**Segregated Net Worth**"). The amounts contained in **Annex 1** relate to those assets and liabilities as at 31 December 2016.

As an integral part of the Segregated Net Worth identified in **Annex 1** attached to this Project, Santander Analytics (i) shall receive the assets and liabilities that are described in section A of **Annex 1**; (ii) will subrogate the contractual position of Santander in the contracts (or will enter into the corresponding new contracts) relating to the activity of the Segregated Unit, as described in section B of **Annex 1**; and (iii) will subrogate the rights and obligations in relation to the employees affected by the development of the Segregated Unit listed in section C of **Annex 1**. Likewise, in order for Santander to continue benefiting from the activities of the

Centre of Excellence, once the Segregated Unit is the property of Santander Analytics, both companies will enter into a services agreement that guarantees its continuity.

It is hereby certified that the segregation involves the transfer of a set of tangible and intangible elements that, making up part of the Santander net worth, constitute an autonomous economic unit capable of performing a business activity by its own means, consisting in the performance of support tasks in the definition and use of risk models (specifically, the development of risk management models and the independent validation of such models, including but not limited to the activities described in section D of Annex 1).

5.2 Supervening change in Segregated Net Worth

Given that an economic unit that is a going concern is being transferred by virtue of the segregation, from the date of this Project until the date of registry entry of the segregation in the Cantabria and Madrid Companies Registries, the exact composition of the assets, liabilities and other elements included in the Segregated Net Worth and their valuations may be subject to change within the ordinary course of business.

5.3 Information on the valuation of the Segregated Net Worth

For the purposes of article 31.9 of the LME, in relation with article 74 of said Law, it is hereby certified that the assets and liabilities included in the Segregated Net Worth will be recognised on the initial balance sheet of the Beneficiary Company for the value with which they are entered in the annual financial statements of Santander as at 31 December 2016.

The value of the assets and liabilities that make up the Segregated Net Worth is as follows:

- Total Assets: EUR 3,600,000
- Total Liabilities: EUR 0

Accordingly, the net worth of the autonomous economic unit that will be segregated from the net worth of Santander and transferred to the Beneficiary Company amounts to EUR 3,600,000, which is the difference between the total assets and total liabilities indicated above.

By virtue of the above, the initial share capital of Santander Analytics will amount to EUR 720,000 and shall be made up of 720,000 equal new cumulative and indivisible shares, each with a nominal value of ONE (1) Euro, numbered consecutively from 1 to 720,000, inclusive. Additionally, the Beneficiary Company shall be incorporated with an assumption premium of four (4) euros per share, that is, a total amount of two million eight hundred and eighty thousand euros (2,880,000 €). Therefore, the total amount of share capital and assumption premium will be three million six hundred thousand euros (€ 3,600,000).

It is hereby certified that the nominal value of the shares representing the initial share capital of the Beneficiary Company shall be entirely paid-up as a result of the transfer *en masse* to the Beneficiary Company of the Segregated Net worth.

As indicated in section 3 above, although the transfer of the Segregated Net Worth constitutes a non monetary contribution that will serve as an equivalent value to the capital of the Beneficiary Company upon its incorporation, it is not required for its valuation to be subject to the verification of an independent expert assigned by the Companies Registry as long as the Beneficiary Company is a limited liability company.

6. SEGREGATION BALANCE SHEET

As indicated in section 3, it is not necessary to have a Santander segregation balance sheet for the provisions of article 78 bis of the LME to be applicable.

7. EFFECTIVE DATE OF THE SEGREGATION FOR ACCOUNTING PURPOSES

For the purposes of article 31.7 of the LME, 01 January 2017 is established as the date as of which Santander operations relating to the Segregated Net Worth shall be deemed as performed by Santander Analytics for accounting purposes. Notwithstanding the foregoing, if registration of the segregation is performed in financial year 2018, subsequent to the drafting of the Santander 2017 financial statements, section 2.2 of the Accounting and Valuation Rule 19 of the General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November (with reference to the Accounting and Valuation Rule 21) shall apply.

It is hereby certified that, for the appropriate purposes, retroactive accounting thus determined complies with the National Chart of Accounts.

8. ARTICLES OF ASSOCIATION OF THE BENEFICIARY COMPANY

For the purposes of article 31.8, in relation to article 73, of the LME, included in this Project as **Annex 2** is the draft articles of association that will govern Santander Analytics.

9. ANCILLARY OBLIGATIONS, SPECIAL RIGHTS AND TITLES OTHER THAN THOSE REPRESENTING SHARE CAPITAL

For the purposes of points 3 and 4 of article 31 of the LME, it is hereby certified that there are no ancillary obligations, special privileged shares or persons that have special rights assigned other than the simple ownership of the shares in Santander, therefore it is not necessary to grant any special right or offer any kind of options.

10. BENEFITS ATTRIBUTED TO THE DIRECTORS

As regards article 31.5 of the LME, it is hereby stated that no benefits of any kind shall be attributed to the directors of Santander or to those appointed in Santander Analytics.

It is not necessary to extend this to any experts as there is no independent expert involvement in this segregation.

11. CONSEQUENCES OF THE SEGREGATION ON EMPLOYMENT, GENERAL IMPACT ON MANAGING BODIES AND EFFECT ON CORPORATE SOCIAL RESPONSIBILITY

For the purposes of article 31.11 of the LME, it is hereby certified that:

11.1 Potential consequences of the segregation on employment

In accordance with the provisions of article 44 of Spanish Royal Legislative Decree 2/2015, of 23 October, by means of which the revised text of the Workers' Statute Law was approved, governing the case of corporate succession, Santander Analytics shall subrogate the economic unit constituted by the Segregated Net Worth in the Santander workers' labour rights and obligations.

The Segregated Company shall have joint and several liability, according to the terms legally provided, for the labour obligations of the Beneficiary Company arising prior to the segregation, and for the obligations relating to Social Security, whether in relation to contribution obligations or the payment of benefits generated previously.

The planned segregation shall be notified to the legal representatives of the workers in accordance with the legal provisions and to the appropriate public bodies, specifically the General Treasury of Social Security.

11.2 Potential impact on gender of the management bodies

No change in the structure of the Santander management body is provided for in terms of distribution by gender.

11.3 Impact of segregation on Corporate Social Responsibility

The segregation is not expected to have any impact on the social responsibility policy of the companies involved.

12. TAX REGIME

In compliance with article 89.1 of Law 27/2014, of 27 November, on Corporate Income Tax, the segregation is subject to the tax regime established in chapter VII, title VII, and under article 45, paragraph I.B.10 of Spanish Royal Legislative Decree 1/1993, of 24 September, by means of which the Revised Text on Property Transfer Tax and Stamp Duty was approved. This regime allows the implementation of corporate restructuring operations with tax neutrality, providing that said operations are implemented for valid economic reasons such as those described in this Project.

Within a period of three months following registration of the segregation deed, the latter shall be communicated to the Tax Administration, according to the terms and conditions provided for under articles 48 and 49 of the Corporate Income Tax Regulations approved by Spanish Royal Decree 634/2015, of 10 July.

13. CONDITION PRECEDENT

The effectiveness of the segregation is subject to a condition precedent of the authorisation thereof by the Ministry of Economy, Industry and Competitiveness, in accordance with the laid down in additional provision 12 of Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions.

14. COMPLIANCE WITH ADVERTISING AND INFORMATION OBLIGATIONS

In accordance with the provisions of section 3 above, it will not be necessary to call a Santander general shareholders' meeting given that the operation will be approved by its board of directors.

In any case, the Segregation Project will be posted on the Santander corporate website (www.santander.com) and said posting shall be kept at least until the deadline date for exercising the right to oppose the segregation. The posting of the Segregation Project on the aforementioned website will be published on the Companies Registry Official State Gazette. Furthermore, Santander will comply with the provisions of article 43 of the LME, by virtue of which the shareholders and creditors of Santander shall have the right to obtain the full text of

the resolutions adopted and, in addition, will post the documents mentioned under article 39 of the LME that are applicable to this operation on the Santander corporate website, with the option to download them and print them. In this regard, in accordance with the provisions of articles 49.1.2 and 78 bis of the LME, the segregation shall be performed without directors' reports or independent experts' reports and without a segregation balance sheet.

On the other hand, as indicated in section 3, Santander will offer its shareholders, in similar terms to the provisions of article 51 of the LME, the option for those that represent less than 1% of the company to request, within a period of 15 days of the publication of the last of the segregation announcements, a call to a Santander general shareholders' meeting. For these purposes, Santander may increase the content of the segregation announcement required in compliance with article 43 of the LME or publish an announcement similar to the one provided for under article 51 of the LME in order to make its shareholders aware of this right.

* * *

In accordance with the provisions of article 30, in relation to article 73 of the LME, the Santander directors, whose names are set out below, execute and sign this Project in one copy, which has been approved by the Santander board of directors meeting held on 21 February 2017.

SANTANDER BOARD OF DIRECTORS

Ana Patricia Botín-Sanz de Sautuola y
O'Shea
Executive Chairman

Bruce Carnegie-Brown
Vice Chairman

Rodrigo Echenique Gordillo
Vice Chairman

Matías Rodríguez Inciarte
Vice Chairman

Guillermo de la Dehesa Romero
Vice Chairman

José Antonio Álvarez Álvarez
Chief Executive Officer

Homaira Akbari
Director

Ignacio Benjumea Cabeza de Vaca
Director

Francisco Javier Botín-Sanz de Sautuola
y O'Shea
Director

Sol Daurella Comadrán
Director

Carlos Fernández González
Director

Esther Giménez-Salinas i Colomer
Director

Belén Roman García
Director

Isabel Tocino Biscarolasaga
Director

Juan Miguel Villar Mir
Director

**ANNEX 1
DETAILS OF THE SEGREGATED NET WORTH**

Section A: Assets and liabilities of the Segregated Net Worth.

ASSETS:

- Cash: EUR 3,600,000

LIABILITIES:

- None.

Section B: Contracts relating to the activity of the Segregated Unit.

- Framework service lease agreement with Produban Servicios Informáticos Generales, S.L.
- Sublease agreement for use other than residential use with Santander Global Facilities, S.L.
- Service Lease Agreement with Gesban Servicios Administrativos Globales, S.L.

Section C: Human resources affected by the Segregated Net Worth.

EMPLOYEES - ID		
31592	57069	80323
31597	57104	80626
31616	57108	81425
32629	57110	82658
34855	57119	82976
34873	57401	83299
34938	58324	83458
40999	58491	83468
49839	59038	85047
49930	59284	85220
50038	59430	85516
50142	59746	86674
51325	59930	90192
51359	60263	90424
51778	60514	90524
51809	60539	90567
51856	60597	90896
52346	60643	94175
53317	60644	94228

EMPLOYEES - ID			
53395		60662	94303
53668		60663	94577
54094		61706	94773
54207		61891	95203
54219		63787	96167
54220		64577	96787
54311		64716	97577
54887		64744	98280
56090		70229	98395
56140		73443	98453
56855		76544	98883
56857		76806	98913
56905		77036	99297
56922		77545	99301
56945		77606	99481
57068		79784	100244
			100303

Total: 106 employees

Section D: Non-exhaustive list of the activities that make up the business of the Segregated Unit.

Methodology Department activities.	Validation Department activities.
<ul style="list-style-type: none"> – Development and monitoring of models for the different types of risk that the customer entities may face; adjustment and calibration of such models. – Parametrisation and validation of measurement and risk control tools. – Standardisation of definitions and reports. – Regulatory supervision and analysis regarding model validity and effectiveness. – Methodological support to customer entities. – Research and development. – Training activities. 	<ul style="list-style-type: none"> – Quantitative validation of the various risk models and of the parameters and assumptions on which they are based. – Technological validation of models. – Oversight of monitoring recommendations for the improvement of the risk models. – Support of customer entity internal validation activities. – Preparation of assessment reports and supporting customers in their relations with the competent authorities as regards supervision of their risk models.



ANNEX 2
ARTICLES OF ASSOCIATION OF THE BENEFICIARY COMPANY



ARTICLES OF ASSOCIATION

OF

SANTANDER ANALYTICS, S.L.

SOCIEDAD DE RESPONSABILIDAD LIMITADA

Boadilla del Monte (Madrid), [●] 2017

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**ARTICLES OF ASSOCIATION OF SANTANDER ANALYTICS, SOCIEDAD DE
RESPONSABILIDAD LIMITADA**

**PART I
GENERAL PROVISIONS**

15. COMPANY NAME

1. The company is called “Santander Analytics, S.L.”.

16. OBJECTS

1. The company performs the following activities:
 - (a) The design, development, validation, production, integration, operation, maintenance, repair and marketing of systems, solutions and applications and, in general, products that make use of information technologies, including, in particular, the development and validation of all kinds of quantitative models, as well as any part or component thereof and any kind of services relating to any and all of the foregoing.
 - (b) The provision of services in the fields of strategic and management consultancy, technology consultancy, research and development (R&D) and training in connection with quantitative models, including the drafting, preparation and execution of any kind of studies and projects as well as management, technical assistance, technology transfer, commercialisation and administration of such studies, projects and activities.
2. Any activities for which the law requires administrative approval of any kind that the company does not have are excluded from the scope of the company’s object.

17. INDIRECT PERFORMANCE OF THE OBJECTS

The company may also indirectly carry out the activities forming part of its object through shareholdings in companies with the same or a similar object.

18. DURATION OF THE COMPANY AND START OF BUSINESS

1. The company is incorporated for a perpetual duration.
2. The company will begin operating upon the date of execution of the deed of incorporation.

19. REGISTERED OFFICE AND BRANCHES

1. The company's registered office is in Ciudad Grupo Santander, Avda. de Cantabria s/n, Boadilla del Monte (Madrid).
2. The management body may move the registered office within the Spanish territory.
3. The management body may also approve the creation, closure or transfer of branches, both within and outside national boundaries.

PART II SHARE CAPITAL AND SHARES

20. SHARE CAPITAL

1. The company's share capital is EUR 720,000.
2. The share capital is divided into 720,000 cumulative and indivisible shares with a par value of EUR 1, numbered consecutively from one to 720,000; both included.
3. All the shares are fully subscribed and paid up.

21. SHAREHOLDER RIGHTS

All shares confer equal rights.

22. MULTIPLE OWNERSHIP

1. Co-owners of company shares must appoint one person to exercise their shareholder rights.
2. If there is a usufruct, pledge or other limited right over shares, the exercise of shareholder rights will rest with the bare legal owner, the pledgor and the direct legal owner, respectively.
3. These rules apply only vis-à-vis the company. They do not apply to co-owners of company shares and parties with other rights over company shares in their dealings with each other, which are governed by the agreements they reach.

23. TRANSFER OF COMPANY SHARES

Transfers of company shares are governed by the Companies Law.

24. COMPULSORY AND *MORTIS CAUSA* TRANSMISSIONS OF SHARES

1. The company has a right of first refusal over any shares subject to auction or to any other compulsory transfer procedure. This right is established by law and may only be exercised by the company when the shareholders that hold this right by law fail to do so.
2. Surviving shareholders have a right to acquire or redeem shares of a deceased shareholder at the fair value of the shares upon death. The establishment of the value and the conditions to exercise the right of redemption are governed by law. Upon the winding up of a shareholder that is a legal person, the remaining shareholders have the same redemption right in respect of the shares allocated to the shareholders of the wound-up legal person.

25. BREACH OF TRANSFER RULES

1. Transfers of company shares that do not comply with these articles of association are void and not binding on the company.
2. The management body will refuse to record in the shareholders' register any transfer that is prohibited or that does not comply with these articles of association.

**PART III
CORPORATE BODIES
CHAPTER 1
THE GENERAL MEETING**

26. POWERS OF THE GENERAL MEETING

1. The company is managed by the general meeting and the management body.
2. The general meeting has the powers established by law.
3. The general meeting may issue instructions to the management body or make decisions taken by the management body subject to its authorisation.

27. CALLING THE GENERAL MEETING

1. The general meeting is called by the management body and, where applicable, by the liquidators of the company.

2. The general meeting must be called by individual notices sent by post with acknowledgment of receipt to the addresses recorded in the shareholders' register.

Alternatively, notices may be sent by email to the addresses recorded in the shareholders' register. In order to ensure their authenticity and receipt by the addressee, notices must bear the electronic signature of the person referred to in the following paragraph, or be sent by technical means that comply with applicable security standards. Proof of the call must be provided in the form of either reliable evidence of the email having been sent or acknowledgment of receipt of the email by the shareholder.

The date set for the general meeting must be at least 15 days after the date on which the notice is sent to the last shareholder.

3. The notice of the meeting is signed by the person who has authority to certify the resolutions of the board of directors.

28. VENUE OF THE MEETING

1. The general meeting will be held at the location stated in the notice of the meeting, within the municipality of the company's registered office. When not indicated, the general meeting will be held at the company's registered office.

29. UNIVERSAL MEETING

1. A general meeting may be held to deal with any matter, without having previously been called, provided that shareholders representing all the company's share capital attend or are represented and that those present unanimously agree to the meeting being held and its agenda.
2. A universal meeting may be held anywhere in Spain or abroad.

30. ATTENDANCE AND PROXIES

1. Owners of company shares that are recorded in the shareholders' register or that have informed the company of their having acquired shares prior to the meeting may attend the general meeting.
2. Shareholders may be represented at the general meeting by other shareholders, their spouses, ascendants or descendants, or any person with general powers of attorney conferred in a public deed granting authority to administer the estate of the represented shareholder in Spain or who has powers conferred in a public deed granting authority

for each meeting. These circumstances will be verified by submitting documentation that adequately proves the relationship in question.

3. Unless set out in a public deed, the appointment of a proxy must be set out in writing for each meeting.

31. CHAIRING THE GENERAL MEETING

1. The presiding panel of the general meeting will comprise the chairperson and the secretary of the general meeting. The members of the company's management body may also form part of the panel.
2. When the management body is a board of directors, the general meeting is presided over by the chairperson or the vice-chairperson of the board of directors.

When the management body is a sole director, the general meeting is presided over by the sole director.

When the management body is a group of directors acting jointly or jointly and severally, the general meeting is presided over by the director chosen by those attending the meeting.

3. If neither the chairperson nor vice-chairperson of the board of directors, the sole director, or any of the joint directors or joint and several directors attend the general meeting, it is presided over by the shareholder chosen by those in attendance.
4. The chairperson of the general meeting is assisted by a secretary. The secretary of the general meeting is the secretary to the board of directors, or should he/she not be present in person, the vice-secretary. In the absence of the secretary and vice-secretary, and when the management body is not a board of directors, the secretary is the person appointed by the chairperson of the general meeting, who should be a director wherever possible.
5. Should the attendance of a notary public be required, he/she will form part of the presiding panel of the general meeting.

32. ATTENDANCE LIST

1. Prior to addressing the matters on the agenda, the secretary will draw up a list of those in attendance, which will include the names of the shareholders in attendance and those represented by proxy and the details of their proxies, as well as the number of shares held by each one of them.
2. The number of shareholders present and represented, the total number of shares held and the percentage of the share capital that they represent must be indicated at the end of the list.
3. Should the attendance list not appear at the beginning of the minutes of the general meeting, it must be attached as a schedule, signed by the secretary and approved by the chairperson.

33. DELIBERATION

1. Once the attendance list has been drawn up, the chairperson will declare the general meeting quorate, if applicable, and will specify the items on the agenda that may be deliberated and resolved upon.
2. The chairperson will submit the items on the agenda for deliberation in the order in which they appear.
3. Shareholders may request any necessary information to be adequately acquainted with and able to assess the items on the agenda. The company's directors must supply this information to them during the general meeting, except when, given the level of detail and complexity, it is not available at that time, or when it is considered that its publication would be detrimental to the company's interests.

The information may not be refused on the grounds that it is not available when it has been requested in writing by shareholders prior to the general meeting, or on the grounds that it goes against the company's interests when those who request it represent at least one-quarter of the share capital.

4. Any shareholder may intervene at least once in the deliberation of the items on the agenda, notwithstanding the fact that the chairperson, in the exercise of his/her powers, has the authority to adopt points of order such as limiting the number of speakers and the time that they may speak and establishing an order of speakers.

5. Once an item has been sufficiently deliberated, the chairperson will submit it to a vote.

34. VOTING

1. Each of the items on the agenda will be put to a separate vote.

As an exception, the chairperson of the general meeting may decide to submit proposals relating to several items on the agenda to a joint vote, in which case the result of the vote will be understood to apply to each proposal if none of those in attendance expresses a desire to change his/her vote with regard to a particular proposal. Otherwise, each of the vote changes requested and the result of the vote on each proposal as a result of these changes will be reflected in the minutes.

2. The chairperson is responsible for establishing the voting system that he/she deems most appropriate and for conducting the corresponding process. The chairperson may choose two or more scrutineers to assist with this task. In particular, the chairperson may decide that voting is to take place on a show of hands and, if there is no opposition, he/she may consider a resolution to be passed by assent.
3. All votes are public, unless shareholders representing at least ten per cent of the share capital request a secret ballot.

35. PASSING RESOLUTIONS

1. Resolutions are passed by a majority of the votes validly cast, so long as they represent one-third of the votes corresponding to the shares into which the share capital is divided. Blank votes are not counted.
2. Notwithstanding the preceding paragraph:
 - (a) The approval of resolutions on the increase or reduction of share capital or any other amendment of the articles of association for which a different voting majority is not stipulated requires the favourable vote of more than half of the votes corresponding to the shares into which the share capital is divided.
 - (b) Resolutions on the conversion, merger or division of the company, the exclusion of pre-emption rights in share capital increases, the exclusion of shareholders, the authorisation for directors to pursue, either on a self-employed basis or as an employee of a third party, activities that are the same, analogous or complementary to the object, the assignment of all the company's assets and liabilities and the relocation of its registered office abroad require the favourable

vote of at least two-thirds of the votes corresponding to the shares into which the share capital is divided.

3. Once an item has been voted on, the chairperson will announce the result and declare, as the case may be, that the resolution has been validly passed.

36. MINUTES OF THE MEETING

1. The secretary to the general meeting will draw up the minutes of the meeting which, following their approval, will be recorded in the minutes book.
2. The minutes may be approved by the general meeting itself at the end of the meeting and, otherwise, and within 15 days, by the chairperson of the general meeting and two scrutineer shareholders, one representing the majority and one representing the minority.

The minutes, once approved by either of these two procedures, will be signed off by the secretary with the chairperson's approval. The corporate resolutions contained in them may be enforced as from the date of approval of the minutes.

3. Notarial minutes do not require approval and the corporate resolutions they record may be enforced upon the completion of the minutes by the notary public.
4. Certificates issued in relation to minutes that have already been approved will be signed by the secretary and, otherwise, by the vice-secretary to the board of directors with the approval of the chairperson or, as the case may be, the vice-chairperson. Where the management body takes the form of a sole director or several directors acting jointly or jointly and severally, certificates will be issued by the person or persons legally empowered to do so.
5. Shareholders are entitled to have a summary of their interventions recorded in the minutes.

CHAPTER 2 MANAGEMENT BODY SECTION 1 GENERAL PROVISIONS

37. STRUCTURE OF THE MANAGEMENT BODY

1. The company will be managed by:

- (a) a sole director; or
 - (b) between two and 4 directors acting jointly and severally; or
 - (c) between two and 4 joint directors, any two of which, if three or more, will be empowered to act jointly; or
 - (d) a board of directors.
2. The general meeting will determine the management body.

38. REQUIREMENTS TO BE MET BY DIRECTORS

A director need not be a shareholder.

39. ALTERNATE DIRECTORS

The general meeting may appoint alternate directors to stand in should an incumbent director cease to hold office for any reason.

40. TERM OF OFFICE

The members of the board of directors will hold office for an indefinite period.

41. REMUNERATION

The office of director is not remunerated.

42. MANAGEMENT POWERS

Those powers that are not attributed to the general meeting by law or the articles of association are held by the management body.

43. POWERS OF REPRESENTATION

1. The management body may represent the company in court and out of court, according to the rules applicable to its structure.
2. The secretary to the board has the necessary powers of representation to formalise the resolutions of the general meeting and of the board of directors in a public deed and request their registration with the commercial registry.
3. The powers of representation of delegated bodies are governed by the terms of the resolution under which they are granted. Unless otherwise stated, powers of representation are understood to have been conferred jointly and severally to the managing directors and, if the delegated body has more than one member, to the chairperson of the executive committee.

**SECTION 2
THE BOARD OF DIRECTORS**

44. COMPOSITION OF THE BOARD

1. Where the structure of the management body is that of a board of directors, it will have between three and eight members.
2. The general meeting is responsible for setting the number of members of the board. It will set this number directly through an express resolution, or indirectly by filling vacancies or appointing new directors, subject to the maximum limit laid down in the preceding paragraph.

45. OFFICERS OF THE BOARD OF DIRECTORS

1. The board of directors will appoint a chairperson.
2. The board of directors will appoint a secretary and, at its discretion, a vice-secretary.

46. CHAIRPERSON OF THE BOARD

1. The chairperson of the board of directors is chosen from amongst its members.
2. The chairperson calls meetings of the board of directors, draws up the agenda for the meetings and chairs the deliberations that take place in them, notwithstanding article 35 concerning the calling of meetings.

47. SECRETARY TO THE BOARD

1. The secretary to the board of directors need not be a member of the board of directors, in which case he/she will have the right to address but not to vote at board meetings.
2. The secretary will assist the chairperson in his/her duties and should oversee the proper functioning of the board and, in particular, ensure that the directors receive the advice and information that they require, that company documents are properly kept, that the minutes books properly reflect the way the meetings are held and attest the resolutions of such body.
3. The secretary must at all times oversee the formal and material legality of the acts of the board and ensure that its procedures and operational rules are complied with.

4. The board of directors may appoint a vice-secretary to assist the secretary to the board and to replace him/her in the performance of his/her duties when he/she is absent, indisposed or unable to attend. The vice-secretary need not be a member of the board of directors. Unless the board of directors decides otherwise, the vice-secretary may attend the meetings of the board of directors to assist the secretary in drawing up the minutes.

48. DELEGATED BODIES

1. The board of directors may permanently delegate some or all of its powers to an executive body and/or to one or more managing directors, determine which board members will be members of the delegated body and the manner in which the assigned powers are to be exercised.
2. The permanent delegation of powers and the establishment of the members of the board who are to be members of this body requires the favourable vote of two-thirds of the members of the board established by the general meeting, even if the board never had that number of members or vacancies have arisen subsequently.

49. CALLING MEETINGS OF THE BOARD OF DIRECTORS

1. The board of directors is called by the chairperson, provided that it is necessary or advisable.

A meeting of the board of directors may also be called by at least one-third of the members of the board of directors if a prior request to that effect has been submitted to the chairperson and the latter has failed, without good reason, to call a meeting within a term of one month. In this case, the call will set out the agenda for the meeting.

2. The board of directors may debate and approve resolutions on matters for which it is competent even if they do not appear on the agenda of the meeting.
3. The call is approved with the signature of the secretary or, if any, the vice-secretary at the request of the chairperson and is sent by letter, fax or email to the address of each member of the board included in the company's files at least 3 days in advance.
4. The board of directors is deemed to be quorate without prior call if all members are in attendance, either personally or by proxy, and a majority approves the holding of the meeting.

50. VENUE OF THE MEETING

1. The board of directors' meetings are held at the company's registered office unless the call for the meeting states otherwise. Exceptionally, meetings called by directors representing at least one-third of the members of the board of directors must be held in the municipality where the company's registered office is located.
2. The board meeting may be held simultaneously in various rooms, provided that audiovisual or telephonic means are used to ensure that a single meeting can take place with real-time interaction and intercommunication. In this case, the notice of the meeting will refer to the means of communication and, as the case may be, those locations where the necessary technical means are available to attend and participate in the meeting. Resolutions will be deemed to have been passed where the chairperson is located.
3. Resolutions of the board may be passed by video conference or conference call provided that none of the board members opposes this procedure, all board members have access to the necessary means and recognise each other, and all of this must be reflected in the minutes and any certificates of the resolutions passed. In these cases, the board meeting will be deemed to have been a single meeting held at the company's registered office.
4. Provided that no director objects, the board resolutions may be passed in writing and without a meeting being held. In this case, the directors may send their votes and any observations that they want to be recorded in the minutes by email.

The call-consultation containing the request to hold the board meeting in writing and without a meeting should establish a time limit for voting, which may not be less than 72 hours as from the time of the call.

51. QUORUM OF THE BOARD OF DIRECTORS

1. The board of directors will be quorate to deliberate and decide on any matter when half plus one of the number of members of the board set by the general meeting are in attendance, whether in person or by proxy, even if the board never had that number of members or vacancies have arisen subsequently.
2. The members of the board may only appoint another member of the board of directors as their proxy.

3. A proxy must be conferred in writing, addressed to the chairperson and for each meeting.

52. DELIBERATION AND APPROVAL OF RESOLUTIONS OF THE BOARD OF DIRECTORS

1. The chairperson will submit the items on the agenda for deliberation. Any member of the board, either prior to or in the course of the meeting, may have any other matter submitted for deliberation and vote.
2. Once the chairperson considers that a matter has been sufficiently deliberated, he/she will submit it to a vote, with each member present in person or by proxy having one vote.
3. Except for any resolutions for which a special majority is required by law, board resolutions will be passed by an absolute majority of those members present in person or by proxy. In the event of a tie, the chairperson has a casting vote.

53. COMPANY REPRESENTATION BY THE BOARD OF DIRECTORS

1. The powers of representation rest with the board of directors, which act as a collegiate body.
2. The secretary to the board of directors, or the vice-secretary, is responsible for formalising the resolutions passed by the corporate bodies in a public deed.
3. Resolutions may also be formalised in a public deed by one or more members of the board of directors expressly empowered to do so by the corresponding corporate body at the meeting in which the resolutions are passed.
4. The appointment of those persons with powers to formalise resolutions in public deeds must be in force and registered with the commercial registry.

54. MINUTES OF THE BOARD OF DIRECTORS

1. The minutes of the board of directors are drawn up by the secretary to the board or, in his/her absence, by the vice-secretary. In the absence of both, they will be drawn up by the person appointed to act as secretary by those present at the meeting.

2. The minutes are approved by the board of directors itself at the meeting's close or at the following meeting, or by the chairperson together with, at least, another two members of the board of directors.

PART IV

REMOVAL AND EXCLUSION OF SHAREHOLDERS

55. REMOVAL AND EXCLUSION

The removal and exclusion of shareholders is governed by the applicable law.

PART V

MISCELLANEOUS PROVISIONS

SECTION 1

ANNUAL ACCOUNTS

56. DRAWING UP OF THE ANNUAL ACCOUNTS

1. The company's financial year starts on 1 January and ends on 31 December of each year.
2. Prior to 31 March of each year, the management body will draw up the annual accounts, the management report, the proposal for distribution of the results, and where applicable, the consolidated accounts and management report.

57. REVIEW OF THE ANNUAL ACCOUNTS

1. The annual accounts and the management report must be reviewed by the auditors in those cases and subject to the provisions laid down by law.
2. The auditors are appointed by the general meeting prior to the end of the financial year to be audited, for an initial period that may not be less than three years or more than nine from the beginning of the first financial year due to be audited.

58. APPROVAL OF THE ANNUAL ACCOUNTS AND DISTRIBUTION OF THE RESULTS

1. The annual accounts are subject to the approval of the general meeting.
2. Once the annual accounts have been approved, the general meeting will resolve on the application of the results of the financial year.

3. Dividends may only be charged to that financial year's profits, or to freely available reserves if the provisions laid down by law and the articles of association have been met and the net book value of the assets is not, or does not, as a result of the distribution, end up being less than the company's share capital. If there are losses from previous years that result in the net book value of the company being less than the share capital, the profits will be used to offset the losses.

59. REGISTRATION OF THE ANNUAL ACCOUNTS

Within one month following the approval of the annual accounts, the board of directors will submit a certificate of the resolutions of the general meeting approving the annual accounts and the distribution of results for its registration with the commercial registry of the company's registered office. A copy of each of these accounts as well as, if applicable, the management report and the auditors' report, will be attached to the certificate.

SECTION 2 DISSOLUTION AND WINDING-UP OF THE COMPANY

60. DISSOLUTION

The company will be dissolved for the reasons and with the effects provided for under the Companies Law.

61. LIQUIDATORS

1. Save where the general meeting has appointed other liquidators in the dissolution resolution, upon the company's dissolution, all members of the management body whose appointments are in force and are registered with the commercial registry will become liquidators by law.
2. The liquidators will act internally according to the rules applicable to the structure of the management body.

62. REPRESENTATION OF THE DISSOLVED COMPANY

In the event the company is dissolved, each liquidator may individually represent the company.