

17 June 2019

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**Company by-Laws of  
I-DE Redes Eléctricas  
Inteligentes, S.A.U.  
(Sociedad  
Unipersonal)**

<b>TITLE I. GENERAL PROVISIONS</b>	<b>4</b>
Article 1. Company name and incorporation	4
Article 2. Corporate Purpose	4
Article 3. Lifetime of the Company	4
Article 4. Registered office and branches	4
<b>TITLE II. SHARE CAPITAL, SHARES</b>	<b>4</b>
Article 5. Corporate capital	4
Article 6. Arrangement for transferring shares and rights	4
Article 7. Passive dividend payment	6
Article 8. Status as shareholder	6
Article 9. Increase and reduction in capital	6
<b>TITLE III. CORPORATE BODIES</b>	<b>6</b>
<b>Section One. Shareholders Meeting</b>	<b>6</b>
Article 10. General Meeting	6
Article 11. Powers of the shareholders acting at a General Shareholders Meeting	6
Article 12. Ordinary and Extraordinary Shareholders Meeting	7
Article 13. Call to a Meeting	7
Article 14. Right of information of shareholders	7
Article 15. Constitution of the Shareholders Meeting	8
Article 16. Right to attend	8
Article 17. Chair of the Shareholders Meeting	8
Article 18. Presiding Committee and creation of the list of attendees	8
Article 19. Deliberations and voting	8
Article 20. Adoption of resolutions	9
Article 21. Documentation of resolutions	9
<b>Section Two. Management of the Company</b>	<b>9</b>
Article 22. Structure of the company administration	9
Article 23. COMPANY'S INTERESTS	9
<b>Section Three. Board of Directors</b>	<b>9</b>
Article 24. REGULATIONS OF THE BOARD OF DIRECTORS	9
Article 25. COMPOSITION OF THE BOARD OF DIRECTORS	9
Article 26. Classes of board members	10
Article 27. Capacities of the Board of Directors	10
Article 28. REPRESENTATION OF THE COMPANY	11
Article 29. Officers of the Board	11
Article 30. Meetings of the Board of Directors	11
Article 31. Constitution and majority for adopting resolutions	12
Article 32. Formalisation of resolutions	12
Article 33. Commissions of the Board of Directors	12
Article 34. Audit and Compliance Committee. Internal Audit and Compliance Division	12
Article 35. Chief Executive Officer	13
<b>Section Four. Rules Governing Directors</b>	<b>13</b>
Article 36. Term of Office	13
Article 37. General duties of the Directors	13
Article 38. Duties arising from legislation on the separation of regulated activities	14
Article 39. Director's duty of confidentiality	14
Article 40. Conflicts of interest and transactions with Directors	14
Article 41. Use of company assets	14

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Article 42. Non-public information	14
Article 43. Business opportunities	15
Article 44. Remuneration of directors	15
Article 45. Powers of information and inspection	15
Article 46. Expert advice	15
<b>TITLE IV. ANNUAL FINANCIAL STATEMENTS, DISTRIBUTION OF PROFITS, DISSOLUTION AND LIQUIDATION</b>	<b>15</b>
Article 47. Fiscal year and filing of annual financial statements	15
Article 48. Auditors	16
Article 49. Allocation of profits/losses	16
Article 50. Reasons for dissolution	16
Article 51. Liquidation of the Company	16

## TITLE I. GENERAL PROVISIONS

### Article 1. Company name and incorporation

The Company is called "I-DE REDES ELÉCTRICAS INTELIGENTES, S.A. (Sociedad Unipersonal)" and will be governed by these By-laws, the provisions of the Corporate Enterprise Act in force and further rules and regulations that may be applicable, particularly concerning the separation of regulated activities and as stipulated in the *Code of Incompatible Activities of the companies pertaining to Grupo Iberdrola España with regulated activities*.

### Article 2. Corporate Purpose

The purpose of the Company is: the performance of all types of activities, work and services for or relating to the business of transmission, distribution and access of third parties to the electricity grid, subject, as the case may be, to the provisions of laws applicable at any given time to the Electricity Sector.

The activities which comprise the corporate purpose can be carried out either directly by the Company, in a total or partial manner, or through the ownership of shares or shareholdings in other companies with the same or similar purpose.

### Article 3. Lifetime of the Company

The duration of the Company shall be unlimited, with operations commencing on the day of execution of the notarial instrument of formation.

### Article 4. Registered office and branches

1. The Company has its registered office in Bilbao, Avenida de San Adrián, number 48, being able to establish branches, agencies, delegations and representations in any location in Spain and abroad in accordance with the current legal provisions.
2. Said registered office may be moved within the same municipality if so resolved by the Board of Directors, which can also decide on the creation, closure or moving of branches, agencies, delegations and representations cited in the foregoing paragraph.

## TITLE II. SHARE CAPITAL, SHARES

### Article 5. Corporate capital

1. The share capital amounts to SIX HUNDRED AND FORTY-SEVEN MILLION, SEVEN HUNDRED AND SEVENTEEN THOUSAND, EIGHT HUNDRED AND FIFTY EUROS (€647,717,850), divided into TWO HUNDRED AND FIFTEEN MILLION, NINE HUNDRED AND FIVE THOUSAND, NINE HUNDRED AND FIFTY SHARES (215,905,950), each with a nominal value of THREE (3) EUROS, belonging to a single class and series and all fully subscribed and paid up.
2. The shares will be represented by share certificates and shall be registered and numbered sequentially from one to two hundred and fifteen million, nine hundred and five thousand, nine hundred and fifty (1/215,905,950), both inclusive. The shares shall be of the same class and confer the same rights.
3. The shares will be represented in book-entry form, with any subsequent transfers or the creation of charges affecting such shares noted therein.
4. The Board of Directors of the Company is empowered to issue multiple share certificates comprising various shares each, numbered appropriately, which will be divided, at the request of the interested parties, into the shares corresponding thereto.

### Article 6. Arrangement for transferring shares and rights

1. Company shares may be transferred to any person, who might be or might not be a Spanish national, in accordance with laws and as set out in this article 6.

In any event, any person who acquires Company shares will have to notify the Company of their acquisition, indicating the price and conditions thereof, so that they can be registered in the book of registered shares.

2. For all cases of sale between living parties of Company shares, or inherent rights thereof, whether onerous or free sale, the following rules will have to be complied with:

- a) Shareholders who wish to sell all or part of the shares owned by them, will have to previously notify the Board of Directors of the Company, by means of a notification, indicating that they wish to sell the number of shares indicated, the name and surnames, or company name, and address, of the person or persons to whom they wish to make the sale, and the price asked for their share certificates - or the value attributed to them if they were free of charge - and all the other acquisition conditions.

The aforesaid notification will have the value of a sale offer for exercising the pre-emptive right of subscription during the periods established to exercise the right in the following sections.

Within twenty days of receiving the aforementioned notification, the Board of Directors of the Company will agree to authorise the sale wished for or offer the shares to shareholders in order to exercise the pre-emptive right of subscription indicated in this article. If the Board of Directors authorises the transfer, it will have to be formalised within the next thirty calendar days: once this period has elapsed, the notification indicated in the first paragraph of this section will have to be made again. If the Board of Directors agreed to offer shares to shareholders, the rules set out in the following sections shall be applied.

- b) The Board of Directors shall send the aforesaid notification to the other shareholders, within eight days following the offer agreement, and the shareholders, if they tried to exercise the pre-emptive right of subscription granted to them, will have to announce their decision to

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the Board of Directors within a period of twenty calendar days following the receipt of the corresponding notification, stating that they are willing to acquire the shares or rights in the price or value desired by the seller, or at their fair value determined as established in section d) below. For these effects, the address of shareholders used to make the corresponding notification will be that indicated in the company's book of registered shares.

- c) If several shareholders exercised the pre-emptive right of subscription by accepting the price or value desired by the seller, the shares or rights shall be distributed between all of them, in proportion with the respective shares which they might already own, and the Board of Directors shall hold a draw for the remaining ones, if applicable, proceeding within the next eight calendar days to formalising the corresponding transfer transaction.
- d) If any shareholder exercised its pre-emptive right of subscription not for the price or value wished for by the seller, but for its fair value, the price of the sales affected by the discrepancy shall be established by an auditor other than the company's auditor, appointed by the Companies Registry corresponding to its registered offices.
- e) Were it to occur that within the aforementioned periods, no shareholders were to exercise the right granted to them in this article, the Company will have another period of thirty calendar days, counting from the end of the period indicated for exercising the right by the shareholders, in the above sections, to acquire the shares in question, complying with the requirements established by law in this regard, either for the stated price or value, or for the reasonable value determined by the auditor appointed in the way indicated in letter d) above.

If this period were to elapse without the Company having chosen to exercise the pre-emptive right of first refusal, the seller shareholder will be free to sell its shares, under the conditions previously stated to the Company, which will have to be carried out within the period of the following thirty calendar days. Once the aforesaid period elapses without having formalised the operation, the selling shareholder will have to repeat the procedure indicated in this article.

- f) The pre-emptive right of subscription referred to in this article shall be applicable even in the event of seizure or legal enforcement at the behest of third parties, or as the result of any legal or administrative procedure of enforcement on shares of the Company or inherent rights thereto, for any reason, pursuant to article 124 of the Corporate Enterprise Act.
- g) For the transfer of subscription rights arising from the capital increases carried out by the Company, the following rules shall be complied with:
  - 1) Within the first three days counting from the date which marks the start of the period granted by the Company to the former shareholders to exercise the right to subscribe the new issue, any shareholder which might wish to sell its right, will have to inform the Board of Shareholders, which, in the following two calendar days, shall agree to authorise the notified transfer or offer the rights of the case to the other shareholders, in which case the rules set out in the following numbers of this section g) shall be applicable. The aforesaid notification shall indicate the number of subscription rights which it wishes to sell, the price thereof, and the natural person or legal entity to which it intends to sell them.
  - 2) If the Board of Directors agreed to offer shares to other shareholders, within the next three calendar days it shall inform the other shareholders of the notification received.
  - 3) Before the twentieth day of the term which the former shareholders have to subscribe the rights issue, these shareholders shall be entitled to ask for the acquisition of the subscription rights of the seller shareholder. The request will have to be sent within the aforesaid period of days, to the Board of Directors of the Company.
  - 4) If the requests for acquisition of rights were to exceed the number of those offered for sale, they shall be prorated amongst the applicants, in proportion with the number of shares which each of them might have in the company. The fractions, if arising from the distribution, shall be attributed to the shareholder to which the highest corresponds, until the number of shares to subscribe a share is completed, and so on.
  - 5) Between the twenty-first and twenty-fifth days of the aforesaid period to subscribe the rights issue by the former shareholders, the Board of Directors of the Company will have to inform the seller shareholder of the result of its management, and the latter shall be entitled to transfer the corresponding rights to the person it had previously announced and at the notified price, if no other shareholder had made use of the right indicated in this section; if the aforesaid right had been exercised, the transfer shall be made in favour of the corresponding shareholders, of which the seller shareholder shall be informed by the Board of Directors.
  - 6) The sale price of the subscription rights, in the event that the price requested by the seller were not accepted by the shareholders who might wish to acquire them, shall be the fair value, determined in the way indicated in letter d) of section 2 of this article.
- h) The pre-emptive right of subscription shall be considered to be not exercised either by any of the shareholder, or by the Company, were it not to refer to all the shares or rights which are the object of the transfer, unless expressly agreed by the transferor.
- i) The steps indicated in this article shall not be applicable if all the shareholders, and the Company, in this case through resolution of the Board of Directors, waived the right corresponding to them by virtue of this article in each specific case of sale. The waivers will have to be stated in writing, and shall be evidenced by means of a certificate of the Secretary of the Board of Directors of the Company.
- j) For the transfer of shares or rights, of any certificate, not carried out in accordance with the procedure indicated in this article, the Company shall not recognise the transfer made and shall refuse to register the purchaser in the book of registered shares as the owner thereof, and the aforesaid shares shall continue for all corporate purposes to be owned by the shareholder who they are stated as belonging to in the aforementioned book. The Company shall act in the same way in the event of transfer of pre-emptive rights of subscription.

- 3 The other shareholders, and, in the absence thereof, the Company itself, shall enjoy a real right of refusal, in respect of the transferred rights or shares, in the following events:
  - a) When the transfer or sale of shares had been performed in breach of the provisions of section 2 of this article, without prejudice in any event to the stipulations indicated in letter j) of the aforesaid section 2.
  - b) When it had been performed in favour of a person other than the person indicated in the notification referred to in letter a) and g) of the aforementioned section 2.
  - c) When it had been performed at a lower price, or, in general, in more advantageous conditions for the purchase than those conditions set out in the aforementioned initial notification.

The term for exercising the right of first refusal shall be thirty days starting from the date on which the Company had been notified of the transfer, as stipulated in section 1 of this article. The Board of Directors, when any of the circumstances stated in section 3 are applicable, shall immediately notify the shareholders, for the exercising of the aforesaid right of first refusal, also applying the rules indicated in section 2 of this article.

The price or value of the shares for the purpose of the right of first refusal shall be that arising from the notification of the purchaser thereof or, in the event of disagreement by any of the parties exercising the right of first refusal, the fair value determined in the way established in letter d) of section 2 of this article.

4. The stipulations set out in sections 2 and 3 above shall not be applicable to transfers made between Companies pertaining to the same group.

#### **Article 7. Passive dividend payment**

Passive dividends must be satisfied within the time set by the Board of Directors, within the legal limits, where appropriate, and which shall adopt, in the case of delinquency, the pertinent resolutions in conformity with the stipulations of current regulations.

#### **Article 8. Status as shareholder**

1. The share confers the status of shareholder on its legitimate holder and accords him the rights recognised by law and these By-laws.
2. The shares are indivisible. Co-proprietors of one or more shares must designate a sole person to exercise the rights of a member and shall respond jointly to the Company regarding the responsibilities deriving from their status as shareholder.
3. In the case of usufruct of shares, the quality of shareholder resides in the bare proprietor who has the right of usufruct, and in any case to the dividends agreed by the Company during the period of usufruct.

In the case of pledging shares, the shareholder rights shall be exercised by the owner of the same.

4. The ownership of shares therefore means absolute conformity with the By-laws and submission to the decision of the governing and administrative bodies of the Company adopted within the scope of their authority and in due form.

#### **Article 9. Increase and reduction in capital**

1. The corporate capital can be increased or reduced by agreement of the General Shareholders Meeting with the requirements established for such cases by Law and in accordance with the various modalities authorised therein.

The Shareholders Meeting, in accordance with the requirements established for modification to the By-laws and within the limits and conditions prescribed by law, can delegate to the Board of Directors, where appropriate with powers of substitution, either the power of executing the agreement already adopted of increasing share capital, or the power of agreeing once or various times to an increase in the corporate capital.

2. When increasing the corporate capital by issuing new shares, ordinary or privileged, the old shareholders and the owners of convertible bonds, in accordance with the law, may exercise the right to subscribe a number of shares proportional to the nominal value of the shares they possess, within the period allowed by the Board of Directors to this end and which may not be less than one month from publication of the announcement of the offer to subscribe for the new issue in the Official Bulletin of the Companies Registry.
3. The Shareholders Meeting may exclude the pre-emptive right of subscription in the cases and under the conditions prescribed by law.
4. The right to preemptive subscription shall not take place if the increase in capital is due to the conversion of obligations into shares or the absorption of another company or part of the spunoff assets of another company.

### **TITLE III. CORPORATE BODIES**

#### **Section One. Shareholders Meeting**

#### **Article 10. General Meeting**

1. The shareholders, where present at a Shareholders Meeting which has been duly called, shall decide by majority vote, on the matters which lie within the remit of the Shareholders Meeting.
2. General Shareholders Meetings can be ordinary or extraordinary and will have to be convened by the Board of Directors.

#### **Article 11. Powers of the shareholders acting at a General Shareholders Meeting**

The Shareholders Meeting shall decide on the matters within its remit in accordance with applicable laws and these By-laws, and in particular regarding the following:

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- 1° The appointment, re-election and separation of Directors of such class as may be appropriate, pursuant to article 26 of the Company By-laws, and the removal thereof.
- 2° Appointment, re-election and dismissal of Auditors.
- 3° Review of corporate management and approval, if appropriate, of the financial statements for the prior fiscal year and the distribution of earnings.
- 4° Increase and reduction of share capital, with the ability to delegate to the Board of Directors, if applicable, within statutory time limits, the power to execute a decision already taken to increase share capital, or the power to resolve upon an increase in share capital on one or more occasions.
- 5° The exclusion or limitation of the pre-emptive subscription right.
- 6° Issuance of bonds and other negotiable securities and delegation to the Board of Directors of the power so to issue.
- 7° Amendment of By-laws.
- 8° The transformation, merger, spin-off or global assignment of assets and liabilities, and transfer of domicile abroad.
- 9° The transformation of the Company into a holding company through “subsidiarisation” or assignment to dependent entities of core activities theretofore carried out by the Company itself, even though the Company retains full control of such entities.
- 10° The approval of acquisition or disposal operations involving key operating assets that would effectively alter the company’s corporate purpose.
- 11° The approval of operations that effectively add up to the Company’s liquidation.
- 12° To decide on any matter that the Board of Directors may lay before it for a decision.

## Article 12. Ordinary and Extraordinary Shareholders Meeting

1. The ordinary Shareholders Meeting, previously called for the purpose, shall meet within the first six months of each financial year to audit the management of the Company, approve, where appropriate, the accounts of the preceding financial year and decide on the distribution of results. It may also pass resolutions on any other matter within its competence, indicated in article 11 above, provided it is entered in the Agenda and the Shareholders Meeting is constituted with the required amount of capital represented.
2. Any Shareholders Meeting which does not meet in accordance with the above paragraph shall be considered extraordinary and shall meet at any time of the year whenever the Board of Directors considers appropriate.
3. Furthermore, the extraordinary Shareholders Meeting shall meet on written request by shareholders who hold or represent five per cent of the share capital, setting out in the request the items to be discussed. In this case, the shareholders meeting must be called to be held within two (2) months following the date on which it was requested from the Board of Directors by notarised requirement to call such meeting. The Board of Directors shall establish the Agenda for the meeting, which must include the matters stated in the request.

## Article 13. Call to a Meeting

1. The Shareholders Meeting must be called formally by the Board of Directors via a public announcement in the Official Bulletin of the Companies Registry and in one of the larger daily papers in Vizcaya, at least one month prior to the date on which the meeting is planning to be held.
2. The notices must contain all the items required by law for each case, and in all cases will determine the date, place and time for the meeting on first calling and all the matters that must be considered. In addition, the notice may set the date, if need be, for holding the Shareholders Meeting on second call.
3. Shareholders representing at least five per cent of the corporate capital may request a supplementary notice to be published in addition to the call to the General Shareholders Meeting, setting out one or more items for the Agenda. This right must be exercised by certified notification that must be received at the corporate registered address within five days of publication of the notice. The supplementary notice must be published at least fifteen days before the date set for the Shareholders Meeting.  
Failure to publish the supplementary notice to the call within the period legally established shall be considered grounds for annulling the Meeting.
4. Shareholders Meetings may not address or debate upon matters not included on the agenda.

## Article 14. Right of information of shareholders

1. Until the seventh day before the date foreseen for the meeting, shareholders may require in writing any information or explanations they consider necessary from the Board of Directors, on the matters included in the Agenda, or formulate in writing any questions they consider pertinent. The Board of Directors shall be compelled to provide written information until the day the Shareholders Meeting is held.  
Furthermore, during the time the Shareholders Meeting is being held, shareholders may require in spoken form any information or explanations they consider necessary, on the matters included in the Agenda, and if it is not possible to satisfy the shareholders’ right at that time, the Board of Directors shall be compelled to furnish the information in writing within seven days following the end of the Meeting.  
The Board of Directors shall be obliged to furnish the requested information in accordance with the two sections above, except for cases in which, according to its judgement, corporate interests might be jeopardised by the publication of the requested information. However,

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the refusal of the information shall not be applicable when the request is carried by shareholders who represent at least one quarter of the corporate capital.

2. The notice for an ordinary Shareholders Meeting shall indicate the means by which any shareholder may obtain from the Company, immediately and free of charge, the documents which must be submitted for the approval of the same, as well as the Management Report and the Auditors' Report.
3. If the Shareholders Meeting is to discuss modifications to the By-laws, the notice to call shall include, in addition to the contents required in any case by law, the right which all shareholders have to examine in the registered office the whole text of the modification proposed and the report on the same and to request said documents to be handed over or sent free of charge.
4. In the event of increase or reduction of capital, issue of convertible obligations, merger or spin-off of the Company, the information established by law for such cases shall be furnished.

#### **Article 15. Constitution of the Shareholders Meeting**

1. The Shareholders Meeting, both ordinary and extraordinary, shall be considered to be constituted validly in accordance with the stipulations laid down by the law in force at the time, depending on the matters which are on the Agenda.
2. Notwithstanding the above, the Board of Directors shall be understood to be properly constituted to address any given matters, provided that all the paid up share capital is present or represented and all members present agree unanimously to hold the Meeting.

#### **Article 16. Right to attend**

1. Shareholders who own one or more shares may attend the General Shareholders' Meeting, with the right to be heard and to vote.
2. In order to exercise this right, shareholders must have the shares registered in their name in the corresponding book-entry registry at least five days prior to the day on which the General Shareholders' Meeting is held.
3. All shareholders having the right to attend may be represented at the General Shareholders' Meeting by another shareholder. For that purpose, it will be necessary to comply with the requirements and formalities laid down by the law, and also to conform to the formula established by the Company for each Shareholders Meeting in the notice of convening of the Meeting.

The Chairman and the Secretary of the Shareholders Meeting shall have the widest powers, insofar as the laws allows, to admit the validity of the document or means of accreditation of representation, and only those which do not meet with the absolute minimum of requirements and are not amendable shall be considered invalid.

4. The members of the Board of Directors must attend the General Shareholders Meetings. The Directors, technical staff and other persons who have an interest in the proper functioning of corporate matters may be authorised by the Chairman of the General Meeting to attend.

#### **Article 17. Chair of the Shareholders Meeting**

The Chairman and the Secretary of the governing body, and, in the absence thereof, those appointed at the start of the meeting by the shareholders present, shall act as Chairman and Secretary.

#### **Article 18. Presiding Committee and creation of the list of attendees**

1. Together with the Chairman and the Secretary, the remaining members of the Board of Directors present at the Shareholders Meeting shall form the Panel.
2. Once the Panel has been constituted, and before proceeding to the Agenda, the list of participants shall be drawn up, stating the character or representation of each and the number of own shares or represented on another's behalf. At the end of the list the number of shareholders present or represented shall be stated, as well as the amount of capital they might own.

In accordance with the provisions of the Regulations of the Companies Registry, the list can be drawn up by attendance card or by signing in electronically.

Once the attendance list has been formalised, the Chairman shall state whether the requirements for a valid constitution of the Meeting have been met.

Doubts or disputes on these points shall be resolved by the panel of the Shareholders Meeting.

Thereafter, if this is the case, the Chairman shall declare the valid constitution of the Meeting.

3. The directors may require a Notary to attend the Shareholders Meeting and prepare the minutes of the meeting. They should do so at the request of partners representing at least one per cent of the share capital of the Company, provided such request is made at least five days before the Shareholders Meeting is scheduled to be held.

#### **Article 19. Deliberations and voting**

1. The Chairman shall direct the meeting so that deliberations are conducted in accordance with the Agenda; shall resolve doubts, clarifications or claims arising in relation to the attendance list and delegations or representations; accept or reject new proposals in relation to the matters contained in the Agenda; conduct deliberations, give the floor to shareholders who request it, withdrawing or not conceding the floor when he considers a certain matter has been discussed sufficiently, is not included in the Agenda or impedes the progress of the meeting; announce the moment of voting; count the votes, assisted by the Secretary of the Shareholders Meeting; announce the results of the votes; temporarily

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suspend the Shareholders Meeting, close it and in general, exercise all powers, including those of order and discipline, which are necessary for the ordered course of the Shareholders Meeting.

2. The vote shall be performed on a raised hands basis, if necessary, and the agreements can be adopted through the general agreement of the Meeting, subject to the stipulations set out in laws applicable regarding the need to record the opposition of shareholders, if applicable, in the minutes.

## Article 20. Adoption of resolutions

1. The Shareholders Meeting, whether ordinary or extraordinary, shall adopt its resolutions with the majority of votes present or represented as required by the law.
2. Every share whose holder is present at the General Shareholders' Meeting in person or by proxy shall carry the right to one vote.

## Article 21. Documentation of resolutions

1. The documentation of the resolutions of the General Meeting, their issuance as a public deed and their entry in the Commercial Register shall be done in accordance with the provisions of law and the Regulations of the Commercial Register.
3. The complete or partial certifications which are required to accredit the resolutions of the Shareholders Meeting shall be issued and signed by the Secretary to the Board of Directors with the approval of the Chairman of that body.

## Section Two. Management of the Company

### Article 22. Structure of the company administration

The administration, management and representation of the Company rests with a Board of Directors, which may delegate any or all of its powers to an Executive Committee or a Managing Director, except for those that the law or the By-laws preclude from being delegated.

### Article 23. COMPANY'S INTERESTS

1. The Board of Directors and, therefore, the Directors themselves, shall perform their functions and exercise their powers with unity of purpose, independent judgement, and loyalty to the corporate interest, defined as the interests of the Company, which shall not exclude other legitimate public or private interests bearing upon the furtherance of a business activity, and, in particular, the interests of workers, among other stakeholders.
2. The Board of Directors, always in accordance with the corporate interest, shall set up a suitable framework for its relations with the other companies in Grupo Iberdrola, of which the Company is itself a member, acting within the limits laid down by law and always maintaining independence in the normal and effective management of the Company, not excluding co-operating in a general strategy in order to obtain the maximum possible advantage for the benefit of both the Company and the other companies pertaining to Grupo Iberdrola, in compliance with the provisions of *Corporate Policies* on corporate governance and with legislation in relation to risks and social responsibility integrated within the Corporate Governance System of Iberdrola, S.A. as parent company of Grupo Iberdrola.

Against this background, the sustained maximisation of the economic value of the Company is to be regarded as an essential component of the Company's interests, and, therefore, as a criterion that at all times is to guide the actions of the Board of Directors and its delegated organs. The Board of Directors shall likewise see that the Company abides by laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

3. For the purposes of these By-laws, the term "Grupo Iberdrola" or "the Iberdrola Group" means IBERDROLA S.A. and all companies controlled by it in accordance with the definition given under article 42 of the Commercial Code.

## Section Three. Board of Directors

### Article 24. REGULATIONS OF THE BOARD OF DIRECTORS

The Board of Directors shall be governed pursuant to applicable laws, particularly taking into account the legislation on the separation of regulated activities and the corresponding *Code of Incompatible Activities of the companies pertaining to Grupo Iberdrola España with regulated activities*, the By-laws and the organisational and internal operating rules and regulations which might be established by the Board within the framework of its power of self-organisation.

### Article 25. COMPOSITION OF THE BOARD OF DIRECTORS

1. The Board of Directors shall comprise a minimum of three and a maximum of ten Directors, who shall be appointed by a decision of the General Shareholders Meeting, subject to any applicable rules laid down by law or the By-laws, and at least one of them must have the status of independent Director pursuant to the provisions of Article 26 of these Company By-laws.

Persons taking part in the organisational structures of the Iberdrola Group or in the governing bodies of the companies forming part thereof which are directly or indirectly responsible for the day-to-day management of the liberalised activities cannot be members of the Board of Directors.

2. The number of Directors within the minimum and maximum stated in the immediately preceding section is to be determined at the General Shareholders Meeting. Without prejudice to the above, the Board of Directors shall propose to the Shareholders Meeting the number of

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Directors which, in accordance with the circumstances affecting the Company and taking into account the minimum and maximum numbers stated above, is most appropriate for the body to be able to operate effectively.

#### **Article 26. Classes of board members**

1. The Shareholders Meeting, when appointing the Directors, shall proceed to classify the said Directors into the following categories:
  - a) Executive Directors, i.e. those who perform management functions or who are employees of the Company or of any other companies within the Iberdrola Group.
  - b) Independent Directors, i.e. persons who are chosen for their personal and professional merit, and who can perform their duties without being constrained by their relations with the Company, with any other companies within the Iberdrola Group, or with the Directors, significant shareholders, or managers thereof.
  - c) Other Directors, i.e. those who, while not being employees or performing management functions at companies of the Iberdrola Group, for any reason do not qualify as independent.
2. The appointment of Independent Directors by the Shareholders Meeting shall take into account the personal and professional merit of the proposed candidates and, in particular, their experience in relation to the corporate purpose, their ties with the geographical areas in which the Company performs its activities, and their independence of judgment in pursuit of the corporate interest.
3. The category of Directors shall not affect the independence with which they must perform the functions pertaining to their office, and therefore their duties of diligence, fair dealing, and loyalty vis à vis the Company.

#### **Article 27. Capacities of the Board of Directors**

1. The Board of Directors is empowered to approve resolutions on all matters which are not attributed to the Shareholders Meeting by these By-laws or by law.
2. The Board of Directors, as a general rule shall entrust the ordinary management of the Company to the executive Directors and directors, and shall concentrate its activities on the general function of supervision and on the consideration of matters of particular import for the Company. In carrying out the aforementioned capacities and powers, in particular, the Board of Directors shall ensure compliance with the obligations arising from regulations on the separation of regulated activities and the *Code of Incompatible Activities of the companies pertaining to Grupo Iberdrola España with regulated activities*.
3. Powers reserved by law or by the By-laws to be directly exercised by the Board of Directors may not be delegated.
4. Subject, as applicable, to its legal ability to delegate and give powers for the implementation of specific resolutions, the Board of Directors shall exercise directly, on its own initiative or at the behest of an appropriate party internal to the Company, the powers listed below by way of illustration only:
  - a) Authorise for issue the financial statements, directors' report and the proposed distribution of earnings of the Company, taking care that those documents give a true and fair view of the equity, financial position and results of the Company in accordance with applicable law.
  - b) Plan and renew internal posts on the Board of Directors and the members and posts of such committees as may be set up within the Board.
  - c) Submit any relevant proposed resolutions relating to Directors' remuneration to the Shareholders Meeting, pursuant to the By-laws and within the limits that these may impose, and to set, in the case of Executive Directors, the additional remuneration for their executive functions and any other conditions their contracts must comply with.
  - d) Approve the appointment and removal of senior managers of the Company, as well as set the compensation or indemnification, if any, payable to them in the event of removal, all at the proposal of the Chief Executive Officer, if such office is in existence. For these purposes, Directors shall be deemed to be those who report directly to the Board of Directors or to the Chief Executive Officer of the Company.
  - e) Decide upon proposals submitted to it by the Executive Committee, the Chief Executive Officer, if such office is in existence, or such Board committees as the Board may have decided to create.
  - f) Execute the resolutions approved by the Shareholders Meeting.
  - g) Define the structure of general powers of the Company to be granted by the Board itself or by the delegated management bodies.
  - h) Make decisions regarding any other matter within its authority which, in the judgment of the Board of Directors, is deemed to be in the interests of the Company.
5. The Board of Directors, within the scope of its authority relating to the general duty of supervision, shall also deal with the matters set forth below:
  - a) Supervise the effective separation of activities of the Company, and, as the case may be, its subsidiaries and companies in which it holds interests, with regard to the companies of Grupo Iberdrola which carry out liberalised activities, in addition to compliance by employees, directors and members of the Board of Directors thereof, of the independence criteria established by law and the *Code of Incompatible Activities of the companies pertaining to Grupo Iberdrola España with regulated activities*.
  - b) Supervise the management of the Company as well as the fulfilment of established objectives.

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- c) Establish the risk control and management policy, identifying the main risks of the Company and organising suitable internal control and information systems as well as regularly monitoring said systems, having regard for these purposes to the *General risk control and management policy* of Iberdrola, S.A.
6. In the matters referred to in this article, when applicable, the Board of Directors shall act subject to the regulation on separation of supervised activities.

## Article 28. REPRESENTATION OF THE COMPANY

1. The Company shall be represented, both in court and out of court, by the Board of Directors, its Chairman, and, if applicable and if so resolved by the Board of Directors, by the Executive Committee and the Chief Executive Officer.
2. The Board of Directors and, if applicable, the Executive Committee are empowered to represent the Company acting as a collegial body. The Chairman and, if applicable, the Chief Executive Officer, shall have the power to represent the Company acting individually.
3. The resolutions of the Board of Directors or the Executive Committee shall be carried out by the Chairman or the Director designated in the resolution, either of whom may act individually.

## Article 29. Officers of the Board

1. The Board of Directors shall elect a Chairman from amongst its members, and, should it so decide, a Deputy Chairman proposed by the Chairman.
2. The Board of Directors, at the request of the Chairman, shall designate a Secretary and Deputy Secretary, as appropriate, who may be Directors or not. In the absence of a Secretary and Deputy Secretary, the Director designated by the Board of Directors from those present at a particular meeting shall act as such.

Likewise, the Board of Directors shall appoint a Legal Advisor to the management body of the Company where required in accordance with current legislation. The Secretary, or where appropriate, the Deputy Secretary, may act as Legal Advisor if he/she is a practising lawyer and fulfils all other requirements laid down by current legislation.

3. The Chairman, the Vice Chairman and as appropriate, the Secretary and Vice Secretary of the Board of Directors, who are re-elected as members of the Board of Directors by resolution of the Shareholders Meeting, shall continue to perform the duties they performed previously on the Board of Directors without a new election being necessary, and without prejudice to the power to revoke which belongs to the Board of Directors with regard to said duties.

## Article 30. Meetings of the Board of Directors

1. The Board of Directors shall meet as often as deemed necessary by the Chairman of the Board. The calendar of ordinary meetings is set by the Board of Directors before the beginning of each financial year and may be amended through a decision by the Board itself or by the Chairman thereof. Moreover, the Chairman shall call a meeting of the Board of Directors when requested by any Director.
2. With a view to increasing the agility, effectiveness and continuity of the functioning of the Board of Directors, where the Chairman should consider it appropriate and if no Director is opposed thereto, voting by the Board may occur in writing without a meeting. In this case, Directors may send their votes to the Chairman (or to the Secretary or Vice Secretary, acting in his/her name) and the opinions which they wish to have entered in the minutes via the same means listed in section two below. The resolutions adopted by this procedure shall be placed on record in the minutes in compliance with the law.
3. Notice of a meeting of the Board of Directors shall be given via electronic mail or any other medium susceptible to certification of dispatch and shall be authorised by the signature of the Chairman, or the Secretary or Deputy Secretary, by order of the Chairman. A notice of meeting shall be given as far in advance as is necessary for the Directors to receive it and not later than the third day before the date of the meeting, except in the case of emergency meetings. The notice shall always include the Agenda of the meeting, except for just cause, and shall be accompanied, as appropriate, by the information judged necessary.

Thus, Directors who constitute at least one third of the members of the Board of Directors may call a notice of meeting, indicating the agenda to be held at the registered corporate address, if, on previous request to the Chairman, if the latter has failed to call to meeting during a period of one month.

The e-mail address that each Director supplies to the Company upon taking office shall be used both for the purposes of calling meetings and in general for any communications addressed to Directors, and any change of e-mail address shall be notified to the Company.

4. Notwithstanding the foregoing, the Board of Directors shall be understood to be properly constituted with no need of prior notice if all members are present in person or by proxy and agree unanimously to hold a meeting as universal and accept the items on the Agenda to be dealt with therein.
5. Meetings shall be carried out in the registered offices or depending on the different nationality of the subsidiaries held by the Company, in any other place, within Spain or abroad, which might be indicated in the notice to convene the Meeting.

The Board of Directors may also meet in various locations connected by multiconferencing, videoconferencing or telepresence, or any other technology which allows the participants to be recognised and identified, ensures permanent communication between the attendees independent of the location they are in, as well as their participation and casting of votes, all in real time. The participants, whatever their location, shall be considered to be present at one and the same meeting for all purposes relating to the Board of Directors. The meeting shall be

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considered to be held where the majority of board members are gathered and if the numbers at different locations are equal, where the board member is who presides over the meeting.

#### **Article 31. Constitution and majority for adopting resolutions**

1. The Board of Directors shall be properly constituted when the majority of the Directors are in attendance, whether in person or by proxy.
2. All Directors may cast their vote and confer a proxy to another Director. Any proxies shall be conferred individually for each separate meeting of the Board of Directors. Proxy notices may be given by any of the means provided for at paragraph two of the previous article.
3. The Chairman shall preside over the debate, promoting the participation of all Directors in the deliberations of the body.
4. Resolutions shall be carried by an absolute majority of the Directors in attendance at the meeting, whether in person or by proxy, except where the resolutions are for the permanent delegation of powers of the Board of Directors to the Executive Committee or to the Managing Director, should either exist, or for the appointment of the Directors who are to hold the said offices, in which case, in order to be valid, they shall require the votes in favour of two thirds of the Directors. The foregoing notwithstanding cases where the law or Company By-laws require a higher majority. In the event of a tie, the Chairman of the Board of Directors shall have a casting vote.

#### **Article 32. Formalisation of resolutions**

1. The deliberations and resolutions of the Board of Directors shall be minuted, and such minutes shall be signed by the Chairman and the Secretary or by the person(s) acting in their stead.
2. The complete or partial certificates required to authenticate the resolutions of the Board of Directors shall be issued and signed by the Secretary or the Deputy Secretary of the Board of Directors, with the counter-signature of the Chairman, or where appropriate, the Deputy Chairman.

#### **Article 33. Commissions of the Board of Directors**

1. The Board of Directors may set up and maintain, from among its members, an Executive Committee, to which it may delegate, unless the Board should decide otherwise, all powers of the Board of Directors, except those that the law or the By-laws preclude from being delegated.  
The Executive Committee shall be composed of those members designated by the Board of Directors with the votes in favour of two thirds of the Directors, and the renewal thereof shall be carried out in accordance with the timetable, procedure, and in the number established by the Board of Directors, which shall also establish the rules by which it is to function.
2. The Board of Directors may furthermore set up additional internal Committees with consultative or advisory functions or for the purpose of compiling reports or drafting proposals, as determined by the Board of Directors itself, with a requirement in any event to set up an Audit and Compliance Committee.

#### **Article 34. Audit and Compliance Committee. Internal Audit and Compliance Division**

1. The Board of Directors shall create a permanent Audit and Compliance Committee, which shall comprise at least three yet no more than five directors appointed by the Board of Directors, at least one of whom shall be an independent director.  
The Audit and Compliance Committee shall have a chairman and a secretary, the latter being the secretary or vice secretary of the Board of Directors.  
Unless the Board of Directors decide otherwise, the directors sitting on the Audit and Compliance Committee shall remain in office for as long as they remain directors of the Company. The renewal, re-election, and removal of directors sitting on the Committee shall be governed by the decisions of the Board of Directors.
2. The Company shall have a Compliance Division, established as an independent internal area linked to the Audit and Compliance Committee, and has the duties in the area of regulatory compliance in addition to the prevention and correction of illegal or fraudulent conduct.
3. In all events, the duties and powers of the Audit and Compliance Committee shall be to:
  - a) Supervise the Company's Internal Audit Department, which shall report functionally to the chairman of the Audit and Compliance Committee and hierarchically to the chairman of the Board of Directors. The Committee shall safeguard the independence and effectiveness of Internal Auditing, approve its action plans and general aims, and propose the appointment or dismissal of its manager or head to the Board of Directors.
  - b) Supervise the drafting and presentation of the financial information, evaluating any proposal on changes to the accounting practices or policies and to the internal control systems for monitoring risks relevant to the Company to adequately identify, manage and report these.
  - c) Analyse, together with the auditors, significant weaknesses in the internal control system detected during the audit.
  - d) Establish adequate relationships with auditors to receive information regarding matters that might risk the independence thereof for consideration by the Audit and Compliance Committee and any other relationships which are related to the auditing procedure, and other communications as set forth in applicable auditing legislation and auditing standards. In any case, it must receive annual written confirmation by the auditors as to their independence vis-à-vis the Company or its direct or indirect subsidiaries, as well as information on additional services of any nature rendered to these companies by the auditors or by related persons or entities in accordance with applicable auditing legislation.

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- e) Annually issue, prior to the Audit Report, a report reflecting an opinion as to the independence of the Auditors. This report must, in any event, refer to the rendering of additional services referred to in the preceding section.
  - f) - Receiving information from the Compliance Division concerning any relevant matter relating to regulatory compliance and the prevention and correction of illegal or fraudulent conducts.
  - g) Review, through the Compliance Division, the Company's internal policies and procedures to confirm their effectiveness in preventing misconduct, such as the Ethics Mailbox, and identify possible policies or procedures that may be more effective in promoting the highest ethical standards, for submission to the Board of Directors.
  - h) Review and confirm the annual operating budget of the Compliance Division for submission to the Board of Directors and ensure that the Compliance Division has the material and human resources needed to carry out its tasks, ensuring its independence and effectiveness.
  - i) Approving the annual activities plan of the Compliance Division.
  - J. To report on the proposals for the appointment of the Compliance Director.
  - (k) *Give a preliminary opinion on reports drawn up in the area of separation of regulated activities and, particularly, on the annual status report on incompatible activities in the Company as drawn up by the Compliance Division and which must be submitted to the Board of Directors by the Compliance Division.*
  - (l) Any other duties and powers which may be conferred on it by the Board of Directors.
4. The Audit and Compliance Committee of the Company and its Internal Audit and Compliance Divisions shall discharge their duties with complete independence notwithstanding the establishment of an adequate framework for information and collaboration insofar as carrying out their duties with the Audit and Compliance Committee, the Internal Audit Area and the Compliance Division of Iberdrola España, S.A., Sociedad Unipersonal, which, as the case may so require, will convey the corresponding listings of information and collaboration of the cited bodies of the company with the Audit and Risk Supervision Committee, Corporate Social Responsibility Committee, Internal Audit Area and the Compliance Unit of IBERDROLA, S.A.
5. Pursuant to its duties, the Committee shall meet, at the discretion of its chairman, as many times as necessary to fulfil its commitments and at least four (4) times per year or when at least half of its members request to do so. Meetings of the Committee shall be properly constituted with the attendance, in person or by proxy, of one-half plus one of its members, and its resolutions shall be adopted by majority of its members present at the meeting in person or by proxy. In the event of a tie, the Chairman shall have a casting vote.
6. The Audit and Compliance Committee shall submit to the Board of Directors for approval a report on its activities over the course of the previous year, which shall later be made available to the Shareholders Meeting.
7. The organisation and working of the Audit and Compliance Committee shall be governed both by the provisions of this article and by the Audit and Compliance Committee Regulations, which shall be approved by the Committee itself with endorsement from the Board of Directors.

#### Article 35. Chief Executive Officer

1. The Board of Directors, at the proposal of the Chairman and with the vote of two thirds of the Directors, may appoint from among Directors a Chief Executive Officer having such powers as the Board deems fit and are delegable under these By-laws and under the law.
2. The office of Chief Executive Officer may also be held by the Chairman of the Board of Directors.

### Section Four. Rules Governing Directors

#### Article 36. Term of Office

1. The directors shall exercise their office for a period of five (5) years, as long as the General Meeting does not agree their dismissal or severance or renounces their office. In particular, Directors must leave their post and formally resign if they are in any of the situations envisioned in law of conflict of interests or disqualification from performance of the office of Director.
2. Directors may be re-elected one or more times for subsequent periods of five (5) years.

#### Article 37. General duties of the Directors

1. In the performance of his duties, a Director shall act in good faith and with the diligence of a prudent businessman and a faithful representative, and shall comply with the duties prescribed by the By-laws and applicable laws, acting in furtherance of the corporate interests..
2. In particular, a Director shall be under a duty to:
  - a) Properly prepare the meetings of the Board and, if applicable, the meetings of the Executive Committee or of the Committees of which the Director is a member, for which purposes the Director must diligently obtain all relevant information regarding the running of the Company and the matters to be discussed at such meetings.
  - b) Attend meetings of the Board and of the Committees of which he is a member, and actively take part in deliberations so that his judgement effectively contributes to decision-making. If, on justified grounds, he is unable to attend a session to which he has been summoned, he must give instructions to the Director who is to represent him.
  - c) Perform any specific task commended to him by the Board, the Chairman or Chief Executive Officer (if such office is in existence), provided that such task reasonably falls within the scope of the Director's scope of dedication.

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- d) Inquire into and give notice to the Board of any irregularities in the management of the Company of which the Director may have had notice, and monitor any situation of risk.
  - e) Propose that an extraordinary Board meeting be called or further items be added to the agenda of the following meeting to be held so that such matters as the Director thinks appropriate may be discussed.
  - f) Oppose resolutions that are contrary to the By-laws, to the law or to the Company's interests, demand that his dissent be noted in the minutes, and seek the invalidation of any such resolution.
3. The Secretary and (if such office is in existence) the Deputy Secretary of the Board shall be bound by those duties binding Directors that, by their very nature, apply likewise to the Secretary/Deputy Secretary.

#### **Article 38. Duties arising from legislation on the separation of regulated activities**

1. During the discharge of their duties, Directors shall ensure compliance with the obligations arising from legislation regarding the separation of regulated activities and the *Code of Incompatible Activities of the companies pertaining to Grupo Iberdrola España with regulated activities*, acting in furtherance of the corporate interest.
2. In particular, a Director shall be under a duty to:
  - a) Not take part in organisational structures or in the governing bodies of companies of the Iberdrola Group which are directly or indirectly responsible for the day-to-day management of the liberalised activities.
  - b) Not to share commercially sensitive information relating to the Company or its subsidiaries with companies which might carry out liberalised activities within the Iberdrola Group.

#### **Article 39. Director's duty of confidentiality**

1. A Director shall keep the deliberations of the Board and of any Committee of which he is a member in confidence, and, in general, shall abstain from disclosing any information, data, report or background particulars to which he may gain access in the exercise of his office, and from using any such information for his own or any third party's benefit, subject to such duties of transparency and disclosure as applicable law may impose.
2. A Director's duty of confidentiality shall survive his departure from office.

#### **Article 40. Conflicts of interest and transactions with Directors**

1. Directors shall inform the Board of Directors of any situations where a conflict arises, whether direct or indirect, between themselves and the corporate interest. In the event of a conflict, the officer affected shall abstain from participating in the transaction over which the conflict exists.
2. In the case of a transaction between the Company and the Director or any person related thereto, said transaction shall be subject to the authorisation of the Board of Directors, and, in case of urgency, of the Executive Committee, should there be one, except in the case of transactions that are within the ordinary course of business and are of a habitual or recurring nature, in which case a generic authorisation for the line of business and the conditions therefore shall be sufficient. However, no authorisation of the Board shall be required in connection with transactions that simultaneously satisfy the following three conditions: (i) that they are conducted under contracts whose terms and conditions are standardised and apply en masse to a large number of clients; (ii) that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question, and (iii) that the amount thereof does not exceed one per cent (1%) of the annual income of the Company, based on the audited financial statements for the last fiscal year ending prior to the date of the transaction in question.

#### **Article 41. Use of company assets**

1. A Director may not use the Company's assets nor exploit his position at the Company to obtain any economic advantage unless he has given adequate consideration.
2. As an exception, a Director may be released from the obligation to give consideration, but in that event the economic advantage shall be treated as remuneration in kind and must be authorised by the Board.

#### **Article 42. Non-public information**

A Director may use the Company's non-public information for private purposes only if the following conditions are satisfied:

- a) The information is not to be applied in connection with transactions for the acquisition or sale of securities or financial instruments issued by an entity to which the information makes direct or indirect reference.
- b) The Director does not thus gain an advantage with respect to third parties, including suppliers and customers.
- c) Use of the information causes no detriment to the Company.
- d) The Company does not hold rights of exclusivity or stand in some analogous legal position with respect to the information that the Director desires to use.



## Article 43. Business opportunities

1. A Director may not, for his own or any related party's benefit, exploit any of the Company's business opportunities, unless such investment or transaction was previously offered to the Company and the Company declined to exploit it for reasons uninfluenced by the Director, and the Director's making use of the transaction is authorised by the Board.
2. For the purposes of the foregoing paragraph, a "business opportunity" means any possibility of making an investment or entering into a business transaction that emerges or is discovered in connection with the Director's performance of his office or by the use of the Company's resources and information or under such circumstances as make it reasonable to suppose that the third party's offer was in fact directed at the Company.
3. Likewise, a Director shall abstain from using the Company's name or relying on his status as a Director of the Company for the purpose of entering into transactions on his own or any related party's behalf.

## Article 44. Remuneration of directors

1. The Shareholders Meeting shall assigned a fixed remuneration for some or all of the Directors in accordance with their circumstances and of the tasks or positions allocated to them, and these shall not, under any circumstances, depend on the results of other companies of the Iberdrola Group which might carry out liberalised activities. The premiums corresponding to any liability insurance and life assurance that the Company takes out for the benefit of the Directors shall form a part of this fixed remuneration.

Likewise, and also in accordance with their circumstances, all or some of the Directors shall be entitled to receive remuneration as an attendance allowance for Board meetings or (where appropriate) Committee meetings.

The amounts so set by the Shareholders Meeting shall be maintained for so long as they are not modified by a new resolution of the Shareholders' Meeting.

2. All rights and duties arising from membership on the Board of Directors shall be compatible with all other rights, duties and indemnification to which the Director may be entitled by reason of other employment or professional relationships, if any, that such Director may have with the Company.

## Article 45. Powers of information and inspection

1. A Director shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other records of corporate transactions, to inspect its facilities, and to communicate with the senior managers of the Company.
2. The exercise of the powers of information shall first be channelled through the Chairman, the Chief Executive Officer, if any, or the Secretary of the Board of Directors.

## Article 46. Expert advice

1. For the purpose of procuring assistance for the exercise of his duties, any Director may request the engagement, at the Company's expense, of legal, accounting, technical, business or financial advisers or other experts.

Such engagement must relate to specific issues having appreciable importance and complexity and emerging in the course of the Director's performance of his office.

2. The request for an expert to be hired must be channelled through the Chairman or the Secretary of the Board of Directors, who may subject it to the prior approval of the Board of Directors; such approval may be denied in well-founded instances, including the following circumstances:

- a) That it is not necessary for the proper performance of the duties entrusted to the Directors.
- b) That the cost thereof is not reasonable in light of the significance of the issues and the assets and income of the Company.
- c) That the technical assistance sought may be adequately provided by the Company's own experts and technical personnel.
- d) That it may entail a risk to the confidentiality of the information that must be made available to the expert.

## TITLE IV. ANNUAL FINANCIAL STATEMENTS, DISTRIBUTION OF PROFITS, DISSOLUTION AND LIQUIDATION

### Article 47. Fiscal year and filing of annual financial statements

1. The company financial year shall commence on 1 January of each year and end on 31 December.
2. The Financial Statements and the Management Report shall be drawn up in accordance with the structure, principles and instructions provided by current law.
3. The Board of Directors, within the first three (3) months of the year, shall draw up the Annual Accounts, the Management Report and the Proposal for Distribution of Earnings and, where appropriate, the consolidated Accounts and Management Report. The Financial Statements and Management Report must be signed by all Directors. Any documents from which a Director's signature is missing shall state this fact, along with an express indication of the reason.

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#### **Article 48. Auditors**

1. The Financial Statements and Directors' Report must be reviewed by Account Auditors.
2. The Auditors shall be appointed by the Shareholders Meeting before the end of the year to be audited, for an initial specified period no shorter than three years and no longer than nine, to be counted from the first day of the first year to be audited, and may be re-elected after the end of the initial period on the terms for the periods prescribed by law.
3. The auditors shall draw up a detailed report on the results of their activity, in accordance with the legislation on Auditing of Accounts.
4. When there is just cause, shareholders holding at least five per cent of the share capital may request a judge to revoke the auditor designated by the General Shareholders Meeting and the appointment of another.

#### **Article 49. Allocation of profits/losses**

1. The Shareholders Meeting shall decide on the Application of the Results of the financial year in accordance with the approved Balance Sheet.
2. Once the allocations required by law or these By-laws have been covered, dividends against the year's earnings or unrestricted reserves may be distributed only if the book value of net equity is not, or would not become as a result of the distribution, less than share capital.
3. The distribution of dividends to the ordinary shareholders shall be done in proportion to the capital which they have paid in.

#### **Article 50. Reasons for dissolution**

The Company shall be wound up in any of the events stipulated in laws applicable.

#### **Article 51. Liquidation of the Company**

1. From the moment when the Company is declared in liquidation, the Board of Directors shall cease its activities, with the Directors becoming liquidators of the Company. They shall constitute a collegial body whose number shall necessarily be odd. To this effect, if necessary, the shortest-serving Director shall resign his office.
2. During the liquidation period the provisions of these By-laws shall be observed with regard to the call and holding of the Shareholders Meetings, where a report on the progress of liquidation shall be provided so that any necessary resolutions may be taken.
3. Liquidation transactions shall be carried out in accordance with the provisions of current legislation.

