

**REGULATIONS OF THE BOARD OF DIRECTORS OF
MEDIASET ESPAÑA COMUNICACIÓN, S.A.**

PRELIMINARY

Artículo 1.- Purpose

These Regulations aim to define the principles guiding the performance of the Board of Directors of Mediaset España Comunicación, S.A. (hereinafter, “Mediaset España” or “the Company”), the basic organisational and functioning rules and the conduct of its members.

Artículo 2.- Scope of application

1. The Regulations apply to all the members of the Board of Directors, its delegated bodies, both group-based and uni-personal, and its internal Committees.
2. The rules of conduct for Directors set forth in these Regulations will be applicable, to the extent that they are compatible with their specific status, to the company's senior managers. The term senior manager is extended to cover those acting under the immediate control of the Board of Directors or the Chief Executives as the Company’s most senior officials and, ultimately, the internal auditor.
3. For the purpose of these Regulations, the Company's Group is understood as those companies in which the Company has a direct or indirect stake of over 50% of the share capital and, in addition, the Company exercises effective management control.

Artículo 3.- Dissemination

1. Directors and senior managers have the obligation to know, respect and enforce these Regulations. For this purpose, the Secretary will provide them with a copy of the Regulations.
2. These Regulations will be submitted to the Spanish Securities Market Commission (CNMV) and registered in the Mercantile Registry, as set forth in applicable law. Likewise, they shall be made available on the Company’s Website.

Artículo 4.- Modification

1. Any modification to these Regulations shall be validly made upon prior consent by two thirds of the Directors present.
2. Any proposal for modifications shall be informed by the Audit and Compliance Committee.
3. The text of the proposal, together with an accounted report drafted by its authors and, as the case may be, the report by the Audit and Compliance Committee, shall

be attached to the call for the Board of Directors' meeting where a decision is to be made thereon.

Article 5.- Regulatory Hierarchy

1. These Regulations are based on the recommendations contained in the "Corporate Governance Unified Code".
2. The Regulations shall be construed pursuant to the applicable rules under the law and the Articles of Association and the most widely accepted corporate governance principles and recommendations at all relevant times.
3. These Regulations develop and supplement the rules under the law and the Articles of Association applicable to the Company's Board of Directors.

TITLE I. COMPANY'S MANAGEMENT AND BOARD OF DIRECTORS' MISSION

Article 6.- Powers of the Board of Directors

1. Except for the matters reserved for the Annual General Meeting, the Board of Directors shall be the highest decision-making body of the Company.
2. The Board of Directors shall have all the necessary powers to manage the Company. Nonetheless, the Board of Directors' policy is to entrust the ordinary management of the Company to the appointed bodies and the management team and concentrate its efforts on determining the overall corporate strategy and general supervisory functions.
3. In any case, any decisions related to the following issues shall exclusively fall under the scope of the Board of Directors' responsibilities, without the option of delegation:
 - (a) Formulation of the annual financial statements, the management report and the profits distribution proposal, as well as the consolidated financial and management reports.
 - (b) Appointment of co-opted Directors and bringing forward to the General Meeting proposals in relation to the appointment, ratification, re-election or dismissal of Directors.
 - (c) Designation and renewal of internal Board of Directors' positions and Committee members.
 - (d) Determination of Directors' remuneration in accordance with the proposal of the Appointments and Remuneration Committee.

- (e) Following a favourable report issued by the Nomination and Remuneration Committee, formulation of the Remuneration Policy Report of the directors in accordance with applicable law and corporate governance recommendations.
- (f) Interim dividend payments.
- (g) Any public purchase bid announcement regarding securities issued by the Company.
- (h) Approval and amendment of the Regulations of the Board of Directors governing its organization and internal operations.
- (i) Formulation of the Annual Corporate Governance Report.
- (j) Exercising the authorities delegated by the General Meeting when the option for delegation is not available and exercise any functions charged to it at the General Meeting.
- (k) Execution of any agreement or creation of any legal relation between the Company and a shareholder (or a company belonging to the same group as that of the shareholder) whose shareholding is greater than five per cent and accounts for an amount exceeding euros 13,000,000.
- (l) Execution of any agreement or creation of any legal relation between the Company and a third party in an amount exceeding euros 80,000,000.
- (m) Approval of annual budgets and strategic plan, if any.
- (n) Supervision of the investment and financing policy.
- (o) Supervision of the corporate structure of Grupo Mediaset España.
- (p) Approval of the Corporate Governance policy.
- (q) Corporate Social Responsibility
- (r) Approval of the remuneration policy for the Executive Directors for their executive functions and main conditions for their contracts.
- (s) Performance appraisal of the Company's Executive Directors.
- (t) Monitoring, based on a prior report by the Audit and Compliance Committee, of the risk control and management policy, as well as internal information and control systems.
- (u) Approval of the Company's treasury stock policy.

- (v) New section: Information about the removal and appointment of senior management as well as their contractual terms.
- (w) Approval, at the proposal of the Audit and Compliance Committee, of the financial information to be periodically published by the Company.
- (x) Approval of the creation or acquisition of holdings in special purpose entities or entities domiciled in countries or territories deemed as tax havens, as well as any similar transactions or operations that, due to their complexity, may impair the Group's transparency.
- (y) Authorization, upon a favourable report by the Audit and Compliance Committee, of the related-party transactions completed by Mediaset España with the Directors or individuals related to them or to significant Shareholders, except for such transactions or operations that: (i) are wholly dedicated to a group of clients and effected according to standard conditions, (ii) are effected at prices established by the supplier of the service or at market prices, (iii) where the amount does not exceed 1% of Telecinco's annual revenues. Directors affected by related activities that are subject to a vote by the Board of Directors because of their characteristics, will not attend the meeting and shall have no right to vote thereon nor to delegate their vote
- (z) Any other matter entrusted under these Regulations to the body.
- (aa) The creation, organization and supervision of an internal complaints system.

Artículo 7.- Creation of Value

The criterion that shall prevail at any relevant time as to the acts of the Board of Directors is the long-term maximization of the Company's value for the benefit of the shareholders, always in compliance with all the applicable laws and pursuant to the generally accepted criteria, values, and patterns of behaviours.

Likewise, the Board of Directors shall perform its duties for a single purpose and using independent criteria and shall give the same treatment to all shareholders and see that in relating with its groups of interest the Company abides by the laws and regulations, complies in good faith with its obligations and contracts, abides by the uses and good practices and observes any additional voluntarily accepted principles of corporate responsibility.

TITLE II. Composition of the board of Directors

Artículo 8.- Number of Directors

1. The Board of Directors shall be made up of a minimum of eleven (11) members and a maximum of nineteen (19) members, who shall be appointed at the Annual

General Meeting subject to the applicable provisions under the law and the Articles of Association.

2. The Board of Directors may propose to the Annual General Meeting the number of Directors which, given the circumstances and within the maximum and minimum numbers indicated in the paragraph above, turns out to be more suitable to ensure the body's due representation and efficient performance. Pursuant to the provisions of the Articles of Association, the Board's number of members is to be determined at the Annual General Meeting.

Article 9.- Qualitative Composition of the Board of Directors

1. In exercising its powers to file proposals to the Annual General Meeting and its powers of cooptation to fill in vacancies, the Board of Directors shall see that, outside Directors or non-executive Directors represent a majority over executive Directors and that there is a reasonable number of independent Directors.

For this purpose, the Directors who, for any reason, perform senior management duties within the Company or are employees of the Company or its group shall be deemed to be executive Directors. However, the Directors who are senior managers or Directors of the Company's parent companies shall be considered as Directors representing substantial shareholders. Wherever a Director performs senior management duties and, at the same time, is or represents a significant shareholder or a shareholder represented at the Company's Board of Directors, such Director shall be considered an executive or internal director for the exclusive purposes of these Regulations, irrespectively of the fact that for any other legal purposes it may be considered a Director representing substantial shareholders.

2. The Board of Directors shall also see that the majority group of outside Directors includes owners or representatives of significant stable shareholdings in the capital of the company (Directors representing substantial shareholders) and professionals with recognized prestige who are not linked to the executive staff, the Company or significant shareholders (independent Directors).

For such purposes, the following terms shall be understood as follows:

- a) Outside directors representing substantial shareholders.

Any person who has a shareholding greater than or equal to that considered legally significant or any person having been appointed as result of its capacity as shareholder, even where its shareholding does not reach such amount or any person representing such shareholder.

For the purposes of this definition, a Director shall be considered to represent a shareholder where:

- It has been appointed as a result of the exercise of the right of proportional representation at the Board of Directors.
- It is a Director, senior manager, employee or regular service supplier of such shareholder or companies belonging to Grupo Mediaset España;
- From the corporate documentation it can be stated that the shareholder assumes that the Director has been appointed or represents it.
- It is a spouse or is otherwise similarly affectively related to or is a relative up to the second degree of kinship of a significant shareholder.

b) Independent outside Directors

Any person who, having been appointed based on their personal and professional conditions, may perform their duties without being conditioned by relations with the Company, its significant shareholders, or executives.

Under no circumstances may any of the following persons be appointed independent Directors:

(i) Any person who has been an employee or executive Director of Grupo Mediaset España, unless 3 or 5 years have passed, respectively, as from termination of that relation.

(ii) Any person who receives from the Company, or its own group, any amount or benefit on account of anything other than the director's remuneration, unless such amount or benefit is insignificant.

For the purposes of this provision, dividends or bonuses of pensions received by the Director by reason of its former professional or labour relation shall not be taken into account, provided that these bonuses are unconditional and, therefore, Mediaset España or the company of the group paying them is unable to, on a discretionary basis and without any breach of obligations, suspend, modify or revoke accrual thereof.

(iii) Any person who is or has been for the last three (3) years, a partner of the external auditor or person responsible for the audit report, either in the case of Mediaset España's audit for that period or the audit of any other company of the Group.

(iv) Any person who is an executive Director or a senior manager of any other company different from that in respect of which some executive director or senior manager of Grupo Mediaset España is an outside director.

(v) Any person who maintains or has maintained for the last year a relevant business relation with Mediaset España or any other company of the Group, either on its own behalf or on behalf of a significant shareholder, Director or senior manager of an entity maintaining or having maintained such relation.

(vi) Business relations shall include those of suppliers of goods or services, including financial services, advisors or consultants.

(vii) Any person who is a significant shareholder, executive director or senior manager of an entity which receives or has received for the last 3 years significant donations from Mediaset España or any other company in the Group.

Any person who is a member of the board of a foundation receiving donations shall not be considered included.

(viii) Any person who is a spouse or is otherwise similarly affectively related to or is a relative up to the second degree of kinship of an executive director or senior manager of the Company.

(ix) Any person who has not been proposed, either for appointment or renewal, by the Appointments and Remuneration Committee.

(x) Any person who, with respect to some significant shareholder or a shareholder represented at the Board, falls within the scope of (i), (v), (vi) or (vii) hereof. In the case of relatives in (vii), the limitation shall apply not only as to the shareholder but also as to Directors representing substantial shareholders in the company owned.

Directors representing substantial shareholders who cease to act in such capacity as a result of the sale of their shareholding by the shareholder they used to represent may only be re-elected as independent Directors where the shareholder they used to represent has sold all of its shares in Mediaset España.

A director having one or more shareholdings in the Company may be independent provided that it meets all the conditions established herein and provided that its participation is not significant.

3. In order to establish a reasonable balance between the Directors representing significant shareholders and independent Directors, the Board of Directors shall structure the corporate ownership so that the ratio between one and another class of Directors reflects the ratio between stable capital and free float.
4. Notwithstanding the provisions of the paragraphs above, exceptionally, the Board of Directors may comprise other outside Directors who are not considered as representing substantial shareholders or independent Directors. In this case, the Company shall explain such circumstances and its relations with the executives, shareholders or itself.
5. The capacity of each director shall be explained by the Board of Directors before the Annual General Meeting, which shall effect or ratify its appointment, and be confirmed, or, as the case may be, annually reviewed in the Annual Corporate Governance Report upon verification by the Appointments and Remuneration Committee. Likewise, the Annual Corporate Governance Report shall explain the reasons why, as the case may be, Directors representing substantial shareholders have been appointed upon request by shareholders not holding a significant

shareholding in the share capital. The Annual Corporate Governance Report shall also state the reasons why, as the case may be, formal requests to be part of the Board of Directors filed by shareholders whose shareholding is equal to or greater than that of others upon whose request Directors representing substantial shareholders were appointed have not been met.

TITLE III. Appointment and Removal of Directors

Article 10.- Appointment of Directors

1. Directors shall be appointed at the Annual General Meeting pursuant to the provisions contained in the Corporate Enterprise Act and the Articles of Association.
2. Notwithstanding the foregoing, the appointment of Directors through the proportional system included in Section 237 of the Corporate Enterprise Act shall also apply.
3. If there are any vacancies during the term for which the Directors were appointed, the Board of Directors may appoint the persons to cover such vacancies from among the Shareholders until the first Annual General Meeting is held.
4. As such, proposals for appointments of Directors submitted to the Annual General Meeting by the Board of Directors and the decisions on appointments adopted by the Board of Directors by virtue of its powers of co-optation, shall be preceded by the corresponding report from the Appointments and Remuneration Committee, which shall include the new director in one of the categories contemplated in these Regulations. Independent Directors shall be appointed upon proposal by the Appointments and Remuneration Committee.
5. In the event the Board decides not to follow the recommendations of the Appointments and Remuneration Committee, it shall state its reasons for this decision, leaving them recorded in the minutes.

Article 11.- Incompatibilities

The following may not be appointed Directors:

1. Companies, either foreign or domestic, in the audiovisual sector competing with the Company and its administrators or senior managers, except where such companies are part of the same group to which the Company belongs.

The rule above excludes "historic shareholders", its administrators and senior managers. For that purpose, "historic shareholders" shall be those who have maintained a shareholding greater than 10% of the Company's share capital for more than five years and who still maintain that shareholding at present.

2. Any person falling under any other incompatibility event or prohibition regulated under general provisions.

Article 12.- Appointment of Directors

1. The Board of Directors and, within the sphere of its jurisdiction, the Appointments and Remuneration Committee, shall see that the candidates proposed to the Annual General Meeting for their appointment as Directors, and the appointments made directly to fill in vacancies under the powers of co-optation, fall on individuals of recognized solvency, competence and experience, especially when dealing with the appointment of independent Directors.
2. In any event, the Director shall accompany any proposal for candidates with a resume of the person in question and its professional experience, and, if applicable, the reasons why it qualifies as independent; for legal entities, the resume shall be about the individual acting as representative and the activity performed by such legal entity. Likewise, all personal data referred to in Article 38 of the Mercantile Registry's Regulations shall be included.
3. The Company shall establish orientation programmes to provide the new Directors with quick and sufficient knowledge of the Company and its Group as well as the rules of Corporate Governance, offering, if applicable, knowledge update programmes.

Article 13.- Term of Office

1. Directors shall remain in office for a term of five (5) years and may be re-elected for equal periods. Upon expiration of the term, the appointment shall terminate after the next Annual General Meeting or upon expiration of the legal term to call for the next General Meeting.
2. Independent Directors may hold office for a maximum term of 12 years and may not be re-elected after the expiration thereof, unless by means of a favourable reasoned report by the Appointments and Remuneration Committee
3. Directors appointed by way of cooptation may be ratified at the first Annual General Meeting held after their appointment, in which case they shall cease to hold office on the date their predecessor would have ceased to hold office.

Article 14.- Termination of Directors' Office

1. Directors shall terminate their office upon decision at the Annual General Meeting, upon notice of termination or resignation to the Company and upon

completion of the term for which they were appointed. In the last case, the termination shall become effective on the date on which the first Annual General Meeting is held.

2. In the event of termination of any Director prior to the expiration of its office, the Company shall publicly inform the reasons giving rise to that decision.
3. A Director shall submit its resignation to the Board of Directors, and formalise it if the Board of Directors considers it convenient, in the following cases:
 - a. When they reach 80 years of age. Their removal as director and resignation from their position shall occur during the first meeting of the Board of Directors held after the Annual General Meeting which approves the financial records for the financial year in which the director reaches said age. Should any legal entity be appointed, acceptance of this provision shall affect individuals appointed as representatives.
 - b. Upon termination of the executive positions to which its appointment as Director was associated.
 - c. When the Director is covered by one of the applicable incompatibility or prohibition events.
 - d. Upon being seriously sanctioned by the Appointments and Remuneration Committee for failure to comply with their duties as Directors.
 - e. Where their permanence in the Board may threaten the interests of the Company or adversely affect its credibility and reputation or where the reasons for which they were appointed cease to exist (for example, when a director representing substantial shareholders disposes of such holdings in the company).
 - f. Where the represented shareholder wholly sells or reduces its participation in the company below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction of the shareholding.
4. The Board of Directors may not propose the termination of any independent director before expiration of the term of office established under the Articles of Association except where there exists a reasonable cause at the Board of Directors' discretion upon report by the Appointments and Remuneration Committee. Particularly, reasonable cause shall be deemed to exist where the director has breached the duties inherent to its position or falls within the circumstances in 9.2 b) of these Regulations preventing its appointment as independent Director.

Article 15.- Deliberations and Voting

The Directors affected by proposals regarding appointments, re-election or termination shall refrain from participating in the deliberations and voting on these issues.

TITLE IV. POSITIONS IN THE BOARD OF DIRECTORS

Article 16.- Chairman of the Board of Directors

1. The Chairman of the Board of Directors shall be elected from among its members and shall be considered the President of the Company.
2. Apart from the powers entrusted to it under the law and the Articles of Association, the Chairman shall have the following powers:
 - (a) Call and preside over all Board of Directors' meetings and the Executive Committee's meetings and establish the agenda for all meetings and direct all discussions and deliberations.
 - (b) Preside over the Annual General Meetings and direct all discussions and deliberations at these meetings.
 - (c) File with the Board any proposals it deems convenient for the Company's proper management and, particularly, any proposals corresponding to the functioning of the Board itself and the other corporate bodies.
 - (d) See that the Directors receive sufficiently in advance of the meetings all the necessary information for conduction thereof.

Article 17.- The Vice-president

The Board of Directors may elect from among its Directors a Vice-president who shall replace the President in the event of absence, incapacity or impossibility.

Article 18.- Secretary and Vice-secretary of the Board of Directors

1. The Board of Directors shall appoint a Secretary and, as the case may be, a Vice-secretary, who may be a director or not. The appointment to and termination of both positions shall be informed by the Appointments and Remuneration Committee and approved by the Board of Directors.
2. The Vice-secretary, if any, shall assist the Secretary of the Board of Directors and may attend the Board of Directors' meetings and, if applicable, the Committees to assist the Secretary in its duties and in the drafting of the minutes of the meeting. In the case of absence, incapacity or impossibility by the Secretary, the Vice-secretary shall replace it in the exercise of its functions. If the Secretary and the

Vice-secretary are absent, the director appointed by the Board itself from among the meeting attendants shall act in such capacity.

3. Apart from the functions assigned under the law and the Articles of Association, the Secretary of the Board of Directors shall:
 - (a) Keep all corporate documents, duly reflect in the minute books the development of the meetings and attest to the agreements by the group-based corporate bodies, writing down in the Minutes any matters which could not be solved by the Board of Directors.
 - (b) See to the formal and material legality of any acts by the Board of Directors, its good standing under the Articles of Association and the law and guarantee that the governance procedures and regulations of the Company are obeyed.
 - (c) Process any requests by the Directors as to the information and documentation relating to any matter under the scope of the Board of Directors.
 - (d) See that the acts of the Board of Directors (i) adjust to the provisions and spirit of the Laws and Regulations, (ii) conform to the Company's Articles of Association and the Company's Regulations, (iii) consider the recommendations on corporate governance included in the Unified Code or in any other code approved by the Spanish Stock Exchange Commission.
4. The Secretary of the Board of Directors shall also be the Secretary of the Executive Committee. The Secretary may also serve as the secretary of all other Committees of the Board of Directors, if so decided by each Committee.

TITLE V. DELEGATED AND CONSULTATION BODIES

Article 19.- Chief Executive Officer

1. The Board of Directors shall appoint one or several chief executive officers.
2. The permanent delegation of powers to the Board of Directors and the appointment of a director or Directors vested with delegated powers shall only be valid upon the favourable vote of at least two thirds of the members of the Board of Directors.

Article 20.- Executive Committee

1. An Executive Committee shall be created from among the members of the Board of Directors; this Committee shall have all the powers inherent to the Board, except for the powers which cannot be delegated under the Articles of Association, law or regulations.

2. The Executive Committee shall be made up of the Directors that the Board of Directors itself appoints upon the favourable vote of two thirds of its members and the renewal of their positions shall be made at the time, in the manner and number decided by the Board of Directors.

The Board of Directors shall see that the qualitative composition of the Executive Committee adjusts to efficiency criteria and reflects the composition guidelines of the Board.

3. The Executive Committee shall be made up of a minimum of 4 and a maximum of eight members. In any case, the Chairman of the Board of Directors, who shall preside over the meetings, the Vice-president, if appointed, and the Chief Executive Officer/s shall be members of this Committee. The Secretary of the Board of Directors and, if not present, the Vice-secretary and, if not present, the member of the Committee appointed by the Committee from among the meeting attendants shall act as Secretary.
4. The Committee shall meet at least four times per year and as many other times as the chairman may consider appropriate. The chairman may also decide to suspend any of the ordinary meetings if it considers it appropriate. The Executive Committee shall treat all the matters within the scope of the Board of Directors which, at the Committee's discretion, must be solved without delay. The resolutions adopted by the Executive Committee are referred to the Board of Directors at its first meeting.
5. The Articles of Association and the Regulations of the Board shall apply to the Executive Committee, insofar as they are not incompatible with its specific nature.

Article 21.- Audit and Compliance Committee

1. An Audit and Compliance Committee shall be created from among the Board of Directors and composed of a minimum of 3 and a maximum of seven. Directors appointed by the Board. Most of the members of the Committee shall be non-executive Directors.
2. The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among its independent members, and shall be substituted every four years. He may be re-elected after one year has passed from his removal.

The Audit and Compliance Committee shall also have a Secretary, who needs not be a member this committee appointed by it.

3. Irrespective of any other powers set forth in these Regulations, the Audit and Compliance Committee shall have the following powers:

- (a) Propose that the Board of Directors appoint an accounts auditor, specifying the conditions for his hiring, length of his professional duties, and if applicable, the cancellation or non-renewal of the appointment.
- (b) Supervise the accounts of the Company, in compliance with legal requirements and the correct application of accounting principles used in Spain and International Accounting Standards, and issuing opinions on management proposals to modify accounting principles and criteria.
- (c) Act as a communications channel between the Board of Directors and the Auditor, evaluate the results of each audit and response of the Telecinco management staff to its recommendations, and mediate and act as arbitrator in the event of discrepancies between the management and the auditor with regard to the principles and criteria applicable in preparing the financial statements.
- (d) Verify the proper and complete nature of the internal control systems and financial information process, supervise the internal audit services and review the appointment and replacement of the persons in charge thereof.
- (e) Supervise compliance with the auditors' contract and see that the auditor's opinion on all financial statements and principal contents of the auditor's report are drafted clearly and precisely.
- (f) Monitor and inform the Board of Directors on observance of the transparency standards.
- (g) Maintain contact with the accounts auditor to receive information on any matters that may place the auditor's independence at risk, and any other matters related to the account auditing process, as well as receive information and maintain with the accounts auditor the communications specified in audit law and technical audit standards;
- (h) Inform the Annual General Meeting of any matters filed by the shareholders on any matter falling within the scope of the Committee.
- (i) Protecting the independence of the Auditors, paying attention to any circumstances or matters that might threaten this, as well as to any others related to the carrying out of the audit work.
- (j) Review periodic as well as annual financial information prior to its publication, to ensure that it is provided to the markets and their supervising bodies, and see that it is prepared in accordance with the same principles and practices as the annual accounts.

- (k) Supervise the company's compliance with the Internal Code of Conduct in the stock markets and, in general, rules of governance and propose any improvements necessary.
 - (l) Review compliance with the actions and measures resulting from the reports or inspection activities of the supervisory and control administrative authorities.
 - (m) Become aware of, and, if applicable, deal with any initiatives, suggestions or complaints submitted by the shareholders regarding the scope of the powers of the Committee and by the Company's Board of Directors, and
 - (n) Inform the proposals to modify these Regulations before approval by the Board of Directors.
 - (o) Create and supervise an internal complaints system.
4. Except for the provisions of Article 61.3 of the Articles of Association, the powers of the Audit and Compliance Committee are only for consultation and proposal purposes.
 5. The Audit and Compliance Committee shall meet at least once per quarter and whenever deemed appropriate, upon notice from the Chairman, on its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. One of its meetings shall be dedicated to evaluating the efficiency of and compliance with the Company rules of governance and procedures, and to prepare the information to be approved by the Board of Directors and included as part of the annual public documentation.
 6. The Audit and Compliance Committee shall be deemed to be validly constituted when at least one half plus one of its members is present personally or by proxy. Its resolutions shall be approved when voted for by a majority of those present. In case of tie, the Chairman shall have the deciding vote. The members of the Committee may grant proxies to other members, with a maximum of two (2) proxies being held by any one member.
 7. All members of the management team or the company's staff shall be required to attend the meetings of the Audit and Compliance Committee and to collaborate and provide access to information in their power, if requested. The Audit and Compliance Committee may also require that the Auditors be present at its meetings.
 8. The Audit and Compliance Committee shall subject to approval by the Board of Directors a Report of its activities, which Report shall also be made available to the shareholders and investors.

Article 22.- Appointments and Remuneration Committee

1. An Appointments and Remuneration Committee shall be created from among the Board of Directors and composed of a minimum of three and a maximum of five Directors appointed by the Board. All the members of this Committee shall be non-executive Directors.
2. The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among its independent members.

The Appointments and Remuneration Committee shall also have a Secretary who will not need to be a member thereof appointed by it.

3. Irrespective of other powers set forth in these Regulations, the Appointments and Remuneration Committee shall have the following powers:
 - (a) Protect the integrity of the selection process for Directors and senior executives, ensure that the candidates meet the profile for the vacancy, and in particular, make proposals to the Board with regard to the appointment and removal of Directors, either by co-optation, at the proposal of the Board to the Annual General Meeting, and propose to the Board which members should belong to each of the Committees.
 - (b) Assist the Board of Directors in setting and supervising the remuneration policy for Directors and senior management, proposing the modality, procedures and amounts of annual remuneration to the Directors (including, as appropriate, proposed incentives such as stock option plans), periodically reviewing the remuneration programmes and seeing that remunerations paid to Directors comply with the criteria of moderation and are in accordance with the results of the company.
 - (c) Oversee compliance with rules regarding conflicts of interest.
 - (d) Oversee compliance by Directors with the obligations and duties set forth in these Regulations, and
 - (e) Oversee the transparency of remunerations and the inclusion of information regarding remunerations to Directors in the Annual Report and Annual Corporate Governance Report, submitting all appropriate information to the Board for said effect.
4. The powers of the Appointments and Remuneration Committee are only for consultation and proposal purposes.
5. The Appointments and Remuneration Committee shall meet whenever deemed appropriate, upon notice from the Chairman, its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. In any event, the Committee shall meet twice per year to prepare the

information regarding Directors' remuneration, to be approved by the Board of Directors and included within the annual public documentation.

6. The Appointments and Remuneration Committee shall be validly constituted with the attendance, either personal or through representative, of at least half plus 1 of its members; and resolutions shall be adopted by a majority vote of those attending. In the event of a tie, the Chairman has the casting vote. The members of the Committee may grant proxies to other members, with a maximum of two (2) proxies being held by any one member. Any person of the Company or outside the Company may also attend meetings of the Committee when considered appropriate.

TITLE VI. FUNCTIONING OF THE BOARD OF DIRECTORS

Article 23.- Board of Directors' Meetings

1. The Board of Directors shall meet at least four times per year. The schedule of ordinary meetings shall be set by the Board of Directors before the beginning of each financial year, and may be modified by means of an agreement adopted by the Board of Directors.
2. The Board of Directors shall also meet on as many other occasions as deemed appropriate by the Chairman for the good functioning of the body. The Chairman shall call a meeting of the Board of Directors when requested by at least three Directors. The directors who represent at least one third of the members of the Board may convene if, upon previous request to the Chairman, without just cause he had not convened the meeting within a month.
3. The Board meeting may be held simultaneously in various rooms, if and when audiovisual media or telephones assure their interactivity and intercommunication in real time, and as such the unity of the act. As such, the system of connectivity will be stated in the notice of the meeting and, as applicable, the places in which the technical media necessary is available to attend and participate in the meeting. Resolutions shall be considered adopted in the place where the Chairman is sitting.
4. The Board shall meet in the corporate offices or in the place or places indicated by the Chairman. On an exceptional basis, if no director objects, the session may be held without a physical meeting and in writing. In this latter case, Directors may submit their votes by email, as well as the considerations that they wish to have included in the minutes.
5. The Board of Directors shall periodically evaluate its own functioning and that of its Committees.

Article 24.- Call for Board of Directors' Meetings

1. Notice of ordinary meetings shall be sent by fax, telegram or e-mail; it shall be signed by the Secretary or Vice Secretary on order of the Chairman. The notice shall be sent minimum five days prior to the date of the meeting. However in extraordinary situations, the Board of Directors can meet immediately by telephone or by any other means.
2. The call shall always include the agenda of the meeting and duly prepared and summarized relevant information; each director may propose to transact any other items not originally included in the agenda.
3. Without prejudice to the foregoing, the Board of Directors shall be constituted without the need for notice if all the members are present either personally or by representation, and unanimously accept that the meeting be held and the points listed on the agenda.

Article 25.- Conduct of Meetings

1. Meetings of the Board of Directors will be validly constituted with a quorum present of the majority of its members, present either personally or through a representative.
2. Directors shall do all in their power to attend meetings of the Board. Directors who cannot attend the meeting shall see that they are represented at the meeting by another director. Representation shall be granted in writing and especially for each meeting. A single director can hold various representations.
3. Directors may intervene in the deliberations of the Board, speaking and making the proposals they deem convenient on the different matters included in the agenda. The Chairman shall promote the participation of all Directors in the meetings and deliberations of the Board.

Article 26.- Adoption of agreements by the Board of Directors

1. Resolutions shall be adopted by an absolute majority of the Directors present either personally or through representation.
2. The foregoing unless provisions of the law, the Articles of Association or this Regulation provide a greater majority.

Article 27.- Board of Directors' Minutes

1. Resolutions of the Board shall be listed in minutes, which shall be transcribed or recorded in the Corporate Minute Book. Minutes shall be approved by the body at the end of the meeting or in the following. The minutes shall also be approved by the Chairman and two Directors named for said effect in the corresponding meeting.

2. Upon approval, the minutes shall be signed by the Secretary of the body or the meeting, with the approval of the person who chaired it. In the event that it is impossible for the individuals mentioned to attend the meeting, they shall be substituted by the individuals set by law, the Articles of Association or this Regulation.
3. Resolutions of the Board shall be accredited by certification issued by the Secretary of the Board, or as applicable, the Vice Secretary, with the approval of the Chairman or, as applicable, the Vice Chairman.
4. The minutes shall include any concerns regarding any proposal submitted by the Directors or the Secretary or, in the case of Directors, regarding the company's operation, upon request by any person filing them where such concerns are not solved in the Board of Directors.

TITLE VII. REMUNERATION OF DIRECTORS

Article 28.- Remuneration of Directors

1. Directors shall be entitled to receive the remuneration fixed by the Board of Directors following a report by the Appointments and Remuneration Committee and pursuant to the Articles of Association.
2. Within the limits established in the Articles of Association, the Board of Directors shall see that Directors are paid pursuant to their dedication to the Company.
3. Moreover, the Board of Directors shall see that the amount of the remuneration of independent Directors provides for incentives based on their dedication without compromising their independence.
4. The Board of Directors shall see that the remuneration paid to the executive Directors somewhat relates to the performance of the Company, in which case the Company shall consider any eventual qualification appearing on the external auditor's report reducing these results.

TITLE VIII. DIRECTOR'S INFORMATION

Article 29.- Information and Inspection

1. Directors shall be vested with the widest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background of the corporate operations, to inspect all its facilities and to communicate with the Company's senior management.
2. The exercise of the powers for information shall be channelled through the chairman, the chief executive officer, or the Secretary to the Board of Directors,

who shall satisfy the request of the director, directly providing the information, offering the appropriate interlocutors at the organizational level or arbitrating the measures, so that the desired examination and inspection can be performed in situ.

Article 30.- Expert Assistance

1. To receive assistance in exercising his functions, any director may request the hiring of legal, accounting, technical, financial, commercial, or other experts, to be paid by the company.
2. The assignment must necessarily deal with specific problems of a certain nature and complexity confronted by him in carrying out his position.
3. The requested hire shall be channelled through the chairman or secretary of the Board of Directors, who may make it subject to authorization by the Board of Directors or decline the request for good reason, including the following:
 - (a) If the request for and assistance from experts are not necessary for the proper performance of duties entrusted to Directors.
 - (b) If the cost associated with the expert assistance is not reasonable, given the importance of the problem and the company's financial situation
 - (c) If the technical assistance requested can be adequately provided by experts and technicians in the company.
 - (d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information.

TITLE IX. DIRECTORS' DUTIES

Article 31.- Directors' General Obligations

1. The function of Directors is to guide and control the management of the Company with the objective of maximizing its value to the benefit of its shareholders.
2. In carrying out their duties, Directors have to act with the diligence of a prudent corporate agent. Specifically, they are obliged to:
 - (a) Obtain information on the Company's operation and properly prepare the Board of Directors' meetings and, if applicable, the meetings of the Executive Committee or the Committees to which they belong.
 - (b) Attend the meetings of the Bodies and Committees of which they are part and actively participate in deliberations so that their criteria actually contribute to the decision-making process. If, on justified grounds, Directors

fail to attend the meetings they have called, they shall instruct those Directors who will represent them.

- (c) Perform any specific objective entrusted by the Board of Directors or the appointed bodies or any Committee which is reasonably comprised within the scope of its dedication commitment.
 - (d) Investigate and inform the Board of Directors of any irregularity in the management of the Company of which they have been notified and monitor risk situations.
 - (e) Encourage, if applicable, the call for a Board of Directors' meeting or the inclusion of new businesses in the agenda for the first meeting to be held so as to decide on the matters they deem convenient.
 - (f) Oppose any resolutions not in line with current legislation, the Articles of Association or the corporate interest and to request that their position be reflected on the minutes when considered suitable for the protection of the company's interests.
 - (g) Inform the Board of Directors of any lawsuits in which they are involved and their developments.
 - (h) Inform the Appointments and Remuneration Committee of their remaining professional duties and, particularly, of their participation in other Boards of Directors.
3. At all times, Directors shall act using the loyalty owed by proper representatives and, in this sense, shall cause the Company's interest to prevail over their own interest and shall comply with the obligations and duties set forth in the Corporate Enterprise Act. Particularly, Directors shall be subjected to the obligations set forth in Articles 32 to 39 ss.
4. For the purposes of these Regulations, the persons set forth in number 5 of Article 127 of the Corporate Enterprise Act shall be considered as persons related to Directors.

Article 32.- Business Opportunities

- 1. Directors may not use for their own benefit or for the benefit of a related person a Company's business opportunity unless this opportunity is first offered to the Company, the Company disregards this opportunity without being influenced by Directors and the use of the opportunity is authorized by the Board of Directors upon a report by the Appointments and Remuneration Committee.
- 2. For the purposes of the paragraph above, business opportunity means any possibility of making an investment or business transaction emerging from or in connection with the exercise of the position as director or through the use of

means and information owned by the Company or in circumstances where it is reasonable to think that the offer by the third party is in fact an offer addressed to the Company.

Article 33.- Use of Corporate Assets

1. Directors may not use the Company's assets or their position in the Company to obtain a pecuniary advantage unless they have paid proper consideration.
2. Exceptionally, Directors may be released from the obligation to submit consideration but in this case the pecuniary advantage shall be considered an indirect remuneration and shall be authorized by the Board of Directors upon a report by the Appointments and Remuneration Committee. If the advantage is obtained by virtue of Directors' capacity as shareholders, it may only proceed if the principle of equality of treatment to shareholders is complied with.

Article 34.- Conflicts of Interest

1. Directors shall refrain from attending and participating in deliberations affecting businesses in which they have a personal interest.

Personal interest by the director shall exist where the business affects any person related to the director.

2. Directors, on their own behalf or through related persons, may not perform any professional or commercial transaction with the Company unless they inform in advance of the conflict of interest and the Board of Directors, upon report by the Appointments and Remuneration Committee approves the transaction.

Article 35.- Non-public Information

1. Directors may only use non-public information owned by the Company for private purposes if the following conditions are met:
 - (a) That this information does not apply in connection with the purchase or sale of the Company's securities.
 - (b) That its use does not adversely affect Company and
 - (c) That the Company does not have an exclusive right or the like on the information they are willing to use.
2. Apart from the provision set forth in a) above, Directors shall observe the rules of conduct established in the stock market legislation and, particularly, the provisions set forth in the Internal Code of Conduct for the stock markets.
3. The condition set forth in c) above may be replaced observing the regulations contained in Article 33.

Article 36.- Duty to Notify

1. Directors shall inform the Board of Directors of any direct or indirect conflict situation they may have against the Company's interest. In any event, the conflict situations affecting the Company's administrators shall be included in the annual corporate governance report.
2. Directors shall inform any membership interest which, whether directly or through related persons, they may hold in the capital of a company engaged in a business that is the same as, similar or supplementary to that of the Company's purpose as well as any positions or functions exercised in these companies and the performance, on their own behalf or on behalf of others, of a purpose that is the same as, similar or supplementary to that of the Company.
3. Directors shall inform the Board of Directors of any criminal actions in which they are accused and the status of the proceedings thereof.
4. Directors shall Inform the Appointments and Remuneration Committee of their remaining professional duties and, particularly, of their participation in other Boards of Directors.

Article 37.- Duty of Confidentiality

1. Even upon termination of office, Directors shall preserve the confidential nature of any confidential information and shall preserve the privacy of any information, data, reports or background they may become aware of as a result of the exercise of their position. Should a director be a legal entity, the duty of confidentiality shall be imposed on its representative, notwithstanding compliance with the obligation to inform this legal entity. The duty of confidentiality does not reach the events contemplated in the Corporate Enterprise Act.
2. The duties of confidentiality provided for under this article shall be equally applied to the non-director Secretary and Vice-secretary.

Article 38.- Non-competition Obligation

1. Directors may not act, either directly or indirectly, as administrators or managers of companies pursuing activities which are the same as or similar to those of the Company. This prohibition does not comprise the duties and positions which may be performed (i) in companies of the group to which the Company belongs, (ii) in companies where the interests of the group to which the Company belongs are represented, and (iii) in any other cases in which by agreement of the General Meeting, waives the restriction above in the understanding that, given there is no actual competition affecting the Company or otherwise, the Company's interests are not at risk, all in accordance with the provisions of the Corporate Enterprise Act.

2. Before accepting any senior position in another company or entity, a director must consult the Appointments and Remuneration Committee.
3. A director who steps down from his position as such may not be a director or senior manager or work in another entity whose corporate objects are totally or partly like those of the Company or is a competitor of the Company, for a period of two (2) years. The Board of Directors, at its discretion, may release the outgoing director from this obligation or reduce the term of duration.

Article 39.- Transactions by the Company with Directors and Significant Shareholders

1. Any transaction by the Company with its Directors and significant shareholders shall require a prior report by the Appointments and Remuneration Committee. Any transactions in an amount greater than 13,000,000 euros may only be authorized by the Board of Directors.
2. The Board of Directors and the Appointments and Remuneration Committee shall value the transaction from the market conditions' point of view, reviewing the transactions with significant shareholders, also based on the principle of equality of treatment to shareholders.
3. In the case of transactions within the Company's ordinary course of business, which transactions are regular or repeated, a general authorization for the line of operations and their execution conditions shall suffice.
4. The Board of Directors shall include in its report and in the annual corporate governance report any related-party transactions, pursuant to the applicable rules.

TITLE X. INFORMATION POLICY AND BOARD OF DIRECTORS' RELATIONS

Part 1. Information Policy

Article 40.- Annual Corporate Governance Report

1. Upon prior report by the Audit and Compliance Committee, the Board of Directors shall annually approve the Company's corporate governance report including the relevant legal remarks together with those it deems appropriate, as the case may be.
2. The corporate governance report shall be approved prior to the publication of the call for the Annual General Meeting for the relevant fiscal year and shall be made available to the shareholders together with the remaining documentation of the Annual General Meeting.

3. Additionally, the annual corporate governance report shall be published as established by the stock market regulations.

Article 41.- Website

1. The Company shall maintain a website containing shareholder information which shall include the documents and information provided for under the law and, at least, the following documents:
 - (a) The Articles of Association.
 - (b) The Annual General Meeting Regulations.
 - (c) The Board of Directors Regulations and, if applicable, the regulations of the Committees of the Board of Directors.
 - (d) The Annual Report.
 - (e) The Internal Code of Conduct for the stock markets.
 - (f) Annual Corporate Governance Report.
 - (g) All documents pertaining to the Ordinary and Extraordinary General Meetings with information on agendas, the proposals of the Board of Directors, as well as any information that may be required by shareholders in adopting their voting decisions.
 - (h) Information on the events at Annual General Meetings held previously and in particular, on the quorum of the Annual General Meeting when it was called to order, resolutions adopted with the votes cast for and against each of the proposals included on the agenda.
 - (i) The existing channels of communication between the Company and its shareholders and in particular, explanations pertinent to the shareholders' right to information with indication of postal and electronic addresses shareholders may contact.
 - (j) The norms and procedures to confer representation at the Annual General Meetings.
 - (k) The norms and procedures for casting votes remotely, including all necessary forms to accredit attendance and voting by electronic means at Annual General Meetings.
 - (l) Relevant events communicated to the Spanish Stock Exchange Commission within the deadlines required by applicable norms.
 - (m) Information about the Directors including: (i) a brief professional and

biographic profile; (ii) outline of all Boards to which they belong; (iii) indication of the type of director role; (iv) indication of the date of first or subsequent appointments; (v) number of shares and option rights held.

- (n) an electronic forum for shareholders to be enabled prior to the holding of the General Meeting which will be accessible and, with proper safeguards, individual shareholders and voluntary associations, in order to facilitate communication. The Forum may publish proposals that are intended to be submitted as a complement to the agenda announced in the call, membership applications such proposals, initiatives to reach the percentage required to exercise a minority right under the Act, as well as offers or requests voluntary representation.
2. In connection with the contents above, it is the Board of Directors' responsibility to keep updated information on the Company's Website and coordinate its contents with the contents of the documents filed and registered with the relevant public registries.

Part 2. Board of Directors' Relations

Article 42.- Relations with the Shareholders

1. The Board of Directors shall decide on the proper manner to become aware of the proposals shareholders may file in connection with the Company's management.
2. The Board of Directors, with the assistance of the senior management members it deems pertinent, may organize information meetings on the operation of the Company and the Group or any other aspect of interest for shareholders residing in localities where the most relevant financial markets in Spain and abroad are located. In its relations with the shareholders, the Board of Directors shall guarantee the equality of treatment.
3. The Board of Directors shall establish equally suitable mechanisms to exchange regular information with any investors who hold a significant shareholding and are part of the Company's shareholders and are not represented at the Board of Directors; under no circumstances may these mechanisms be understood as the delivery to investors of any information that may provide them with a privilege situation or advantage over the remaining shareholders.
4. The public requests for the grant of proxies made by the Board of Directors or any of its members shall in any case be applied as provided in the Corporate Enterprises Act
5. The Board of Directors shall encourage shareholders' informed participation at Annual General Meetings and adopt the relevant measures to allow the Annual General Meeting to perform its duties under the law and the Articles of Association, in compliance with the Regulations of the Annual General Meeting.

Article 43.- Relations with the Stock Markets

1. The Board of Directors shall immediately inform the public of:
 - (a) Any relevant events capable of sensibly affecting the quotation of the securities issued by the Company.
 - (b) Any changes in the Company's ownership structure such as changes in significant shareholdings (direct or indirect), syndication agreements and any other form of alliance it may become aware of.
 - (c) Any substantial modifications to the Company's governance rules.
 - (d) The treasury stock policies which, as the case may be, the Company may intend to develop under the authorizations obtained at the Annual General Meeting.
 - (e) Any changes in the composition, organization and functioning rules of the Board of Directors and Committees thereof or the duties or positions of each director within the Company as well as any other relevant modification to the corporate governance system.
2. The Board of Directors shall adopt accurate measures to ensure that the six-month, three-month and any other financial information to be reasonably made available to the stock markets is prepared pursuant to the same principles, criteria and professional standards used to prepare the annual accounts and has the same reliability as these annual accounts. For this purpose, this information shall be reviewed by the Audit and Compliance Committee.

Article 44.- Relations with the External Accounts Auditor

1. The Board of Directors shall establish an objective, professional and continuous relation with the Company's external accounts auditor considering its independence.
2. The relation mentioned above shall be usually channelled through the Audit and Compliance Committee.
3. The Audit and Compliance Committee shall refrain from proposing the Board of Directors, which in turn, shall refrain from submitting to the Annual General Meeting the appointment of any audit firm which it knows (i) falls within an event of incompatibility pursuant to the audit legislation or (ii) will charge the Company on all accounts more than five per cent (5%) of its total income for the last fiscal year.
4. The Audit and Compliance Committee shall authorize contracts between the company and the accounts auditor for any activities outside those of account auditing.

5. The Board of Directors shall publicly inform the fees paid by the Company to the audit firm on account for the auditing and non-auditing services, detailing the amounts paid to the accounts auditors and the amounts paid to any company in the group of companies to which the accounts auditor belongs or to any other company to which the auditor may be related whether as a result of joint ownership, management or control.

6. The Board of Directors shall formulate final annual accounts so that there are no further amendments or qualifications in the audit report. Should any amendment or qualification exist, this shall be clearly explained to the shareholders by both the Chairman of the Audit and Compliance Committee and the auditors.