

## **Functioning Regulations for the General Shareholders' Meetings.**

**These Functioning Regulations for the General Shareholders' Meetings have been approved by resolution of the General Shareholders' Meeting of the 24<sup>th</sup> June 2003, and modified by agreement of the Shareholders meeting of 17 april 2008**

Article 5. Prevailing text incorporated by resolution adopted by the agreement of Shareholders meeting of 17 april 2008.

### **Article 1. General Shareholders' Meetings.**

The General Shareholders' Meeting, legally organized, represents all the shareholders and fully exercises the rights corresponding to the Company.

Their resolutions, adopted in accordance with these regulations, the Company By-laws and the legislation in force, are obligatory for all the shareholders, including the dissenters, the absent or those that may have left their vote blank.

### **Article 2. Attendance.**

Each share entitles its holder to attend the General Shareholders' Meetings, provided that the legitimation of the shareholder is confirmed prior to the celebration of the Shareholders' Meeting. This will be accredited by means of the corresponding attendance card made out to the holder, on which the number of shares held and the number of votes the holder may issue shall be indicated. The card shall be issued by the Body responsible for the Accounting Registry, in favor of the holders of shares that accredit having them entered in said Registry five days prior to that on which the Shareholders' Meeting is to be held upon first calling.

### **Article 3. Representation.**

Every shareholder entitled to attend may be represented at the Shareholders' Meeting by another person, even though said person may not be a shareholder and may thus execute the right of attendance.

In any event, the representation proxy must be conferred in writing and be of a special nature for each Shareholders' Meeting.

Legal persons, the underage and those civilly incapacitated may attend through their legal representatives who shall accredit their position to the Chairman of the Shareholders' Meeting, and all without prejudice to family representation and the awarding of general powers regulated in article 108 of the Revised Text of the Law.

#### **Article 4. Types and Periodicity of the Shareholders' Meetings.**

The General Shareholders' Meetings shall be Ordinary or Extraordinary.

The Ordinary General Shareholders' Meeting shall be held, upon prior notification by the Board of Directors, within the first six months of each financial year, to review the corporate management, approve, if it were the case, the previous year's accounts and determine the application of the results.

Regardless of the subjects expressly reserved by Law and the By-laws for the Ordinary General Shareholders' Meeting, any other subject legally or statutorily attributed to the General Shareholders' Meeting may be decided upon by the Shareholders' Meeting at an ordinary or extraordinary meeting.

#### **Article 5- Calling.**

The calling of ordinary and extraordinary shareholder's meetings by the Board of Directors must be made by public announcement in the Official Gazette of the Mercantile Registry and in at least one of the daily mass circulation newspapers in the province in which the Company has its registered address at least one month prior to the proposed date of the meeting.

The content of the notice shall make mention of the issues required under Section 1 of Chapter 5 of the Law.

It may also state the date on which, if appropriate, the meeting is to take place at second call. A minimum period of 24 hours must exist between the first and second call of the meeting.

#### **Article 6.- Universal Shareholders' Meeting.**

Regardless of the aforementioned, the Shareholders' Meeting shall be considered to have been called and shall be validly constituted to deal with any subject once the total of the share capital is present or represented and those attending, unanimously, agree to the holding of the Shareholders' Meeting and its agenda.

#### **Article 7.- Extraordinary Shareholders' Meetings.**

All the other Shareholders' Meetings shall be of an Extraordinary nature.

**Article 8.- Quorum.**

The General Shareholders' Meeting shall be validly constituted upon first calling, when the shareholders, present or represented, hold at least twenty five per cent of the subscribed share capital with a right to vote.

The constitution of the Shareholders' Meeting shall be valid upon second calling regardless of the share capital present thereat.

**Article 9.- Constitution and Quorum for Extraordinary Shareholders' Meetings.**

The Extraordinary General Shareholders' Meetings shall be held whenever called by the Board of Directors, provided it considers it convenient for corporate interests, or when it is requested by a number of shareholders representing, at least, five per cent of the share capital, and they must express the subjects to be dealt with in their request.

In this case, the Shareholders' Meeting must be called to be held within thirty days from the date on which the administrators had been legally requested to call it. The administrators shall draw up the Agenda, which must obligatorily include the subjects which were the object of the request.

The Extraordinary General Shareholders' Meeting shall be validly constituted upon first calling when the shareholders, present or represented, hold at least twenty five per cent of the subscribed capital with a right to vote.

The constitution of the Shareholders' Meeting shall be valid upon second calling regardless of the share capital present thereat.

**Article 10.- Exceptional Calling.**

In the absence of a necessary calling, the shareholders may, subsequent to an audience with the Board of Directors and the entering thereof in the minutes, request the First Instance Judge of Baracaldo (Biscay) to apply what is specified in article 101 of the Law.

**Article 11.- Special Quorum.**

In order that the Ordinary or Extraordinary General Shareholders' Meeting may validly agree to the issuing of securities, the increase or reduction of share capital, the transformation, merging, splitting, dissolution of the company for the cause foreseen in article 260.1 of the Law, and, in general, any modification of the Corporate By-laws, shareholders with at least fifty per cent of the subscribed share capital with a right to vote must be present or represented upon the first calling.

The attendance of twenty five per cent of said share capital will be sufficient upon the second calling.

**Article 12.- Meeting Place and Deferment.**

The General Shareholders' Meetings shall be held in Baracaldo (Biscay) on the day indicated in the calling notice, but the sessions may be deferred one or two consecutive days.

The deferment shall be agreed upon proposal by the Board of Directors or upon the request of shareholders that represent, at least, twenty five per cent of the share capital, present or represented, at the Shareholders' Meeting.

A list of those attending shall be drawn up in accordance with article 111 of the Law for the constitution of the Shareholders' Meeting.

**Article 13.- Chairman and Secretary of the Shareholders' Meeting. Deliberations. Adoption of resolutions.**

The Chairman or Vice-chairman of the Board of Directors, as agreed upon by the Board of Directors, shall chair the General Shareholders' Meeting, and the Secretary to the Board shall act as Secretary. In the event of the absence of the Chairman and the Vice-chairman, the person named by the Shareholders' Meeting itself shall chair the Shareholders' Meeting. In the absence of the titular Secretary, the Vice-chairman shall act as such, or in the absence of both, the person chosen in each case by the majority of the shareholders attending the meeting shall act as such.

The Chairman of the General Shareholders' Meeting is responsible for managing the meeting and debates, awarding the turn to speak in rigorous order, to all the shareholders that have so requested in writing; thereafter to those that verbally request it, as well as to determine the duration of the successive interventions and to resolve the statutory doubts that might be put forward, by requesting the judgment of the Board of Directors' Legal Counsel.

Each one of the items on the Agenda shall be subjected to separate voting. The resolutions shall be adopted by majority of the shares present or represented at the Shareholders' Meeting, except in the cases of the issuing of securities, the increase or reduction of share capital, transformation, merging, splitting, dissolution of the company for the cause foreseen in section 1 of article 260.1 of Company Law, including the appointing and revocation of Liquidators, request for, or ratification of the suspension of payment request, approval of the annual accounts, decision on the application of the results and, in general, any modification to the Corporate By-laws, in which cases the vote in favor of the majority of the share capital with a right to vote shall be necessary.

#### **Article 14.- Right to Information.**

The right of the shareholders to information as acknowledged in article 112 of the Law may be suspended, definitively or temporarily, by the Chairman of the Board of Directors, in the event of the request being presented by shareholders that represent less than twenty five per cent of the paid-up share capital and the publication of the data, in his opinion, prejudices corporate interests.

#### **Article 15.- Minute Book.**

The subjects discussed and resolutions adopted at the General Shareholders' Meetings shall be entered in the Minute Book, which may be displaceable sheets, legalized beforehand by the Mercantile Registry, on which, at least, the circumstances and requirements demanded by both Company Law and the Mercantile Registry Regulations shall be entered. The minutes, approved in accordance with article 113 of the Law, shall be signed by the persons established by said article and by article 114 of the same.

#### **Article 16.- Certifications of Resolutions.**

The resolutions approved at the General Shareholders' Meetings and at Meetings of the Board of Directors, as indicated in the Minute Book, shall be accredited by means of the opportune certifications issued in accordance with what is stipulated by Law and in section three of chapter three and other provisions of the Mercantile Registry Regulations.

#### **Article 17.- Publicity.**

The shareholders may request, at any time, a certification of the resolutions passed at the General Shareholders' Meeting.

The Notarial evidence of the resolutions passed at the Shareholders' Meeting and by the Board of Directors shall be presented to the Mercantile Registry, to be recorded or entered, within the time periods indicated in the regulations in force.

#### **Article 18.- Impugnation.**

The resolutions adopted by the General Shareholders' Meetings and, if it were the case, the Board of Directors, that are in opposition to the Corporate By-laws or damage the interests of the Company, may be contested, before the First Instance Judge of Baracaldo (Biscay), in accordance with what is stipulated in Company Law and other applicable norms, or under those that, if it were the case, replace them.

(Version 17 april 2008)

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