



**CORPORATE
BYLAWS
OF
TALGO, S.A.**

**Translation of Corporate Bylaws originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.*

CORPORATE BYLAWS OF TALGO, S.A.

CHAPTER I

GENERAL PROVISIONS

Article 1.- Corporate name

The Company is called TALGO, S.A. (hereinafter, the “**Company**”) and is governed by these Bylaws and by the legal provisions applicable to it including, in particular, Royal Decree Law 1/2010, dated 2 July 2010, which approved the revised text of the Corporate Enterprises Act and any regulations that replace it in the future (hereinafter, the “**Law**”).

Article 2.- Corporate purpose

The corporate purpose of the Company is as follows:

- a. The manufacture, repair, conservation, maintenance, purchase, sale, import, export, representation, distribution and marketing of material, systems and equipment for transport, especially in the railway sector.
- b. The manufacture, assembly, repair, conservation, maintenance, purchase, sale, import, export, representation, distribution and marketing of engines, machinery and pieces and components thereof, destined for the electromechanical, iron and steel and transport industries.
- c. The research and development of products and technologies relating to the two paragraphs above, along with the acquisition, operation, transfer and disposal of patents and trademarks relating to the corporate purpose.
- d. The subscription, acquisition, disposal, possession and administration of shares, stakes and quotas, within the limits set forth by the stock market regulations, collective investment companies and other regulations in force that may apply.
- e. The purchase, restoration, redesign, construction, leasing, promotion, operation and sale of all types of real estate.

The activities detailed above may be undertaken indirectly by the Company, in whole or in part, through its investments in other companies with analogous or identical corporate purposes.

The Company may undertake the activities specified in the paragraphs above, which comprise its corporate purpose, directly or through the ownership of shares or investments in companies with analogous or identical corporate purposes, and may even undertake all of its activities indirectly, in which case it would act exclusively as a holding company.

Those activities for which the Law establishes special requirements with which the Company does not comply are excluded from the corporate purpose. If the legal provisions require any professional qualifications, administrative authorizations or inscriptions in public registries, for the performance of any of the activities that comprise the corporate purpose, then those activities shall only be performed by individuals that hold the corresponding professional qualifications and may not be initiated before the necessary administrative requirements have been fulfilled, where appropriate.

Article 3.- Registered office and corporate website

The Company's registered office is at Paseo de Tren Talgo number 2, Las Rozas, Madrid.

Upon agreement by the Board of Directors, this registered office may be moved within the same municipality in which it has been established; and branch offices, agencies and representative offices may be set up, transferred and closed, where necessary or appropriate, for the performance of the corporate activity.

The address of the Company's website shall be www.talgo.com.

The Board of Directors may resolve to amend, transfer or eliminate the website, in which case it would be authorized to amend the previous paragraph of this article. The resolution to amend, transfer or eliminate the website must be duly recorded in accordance with the provisions of the Law.

Article 4.- Duration

The Company has been incorporated for an indefinite period.

CHAPTER II

CAPITAL STOCK AND SHARES

Article 5.- Share capital and representation

The share capital is FOURTY ONE MILLION ONE HUNDRED AND EIGHTY SIX THOUSAND SEVEN HUNDRED AND TWO EUROS AND NINETY CENTS (€41,186,702.90) and is represented by 136,832,900 ordinary shares, which each have a nominal value of THREE HUNDRED AND ONE THOUSANDTH EUROS (€0.301). The shares are fully subscribed and paid up and belong to a single class and series.

The Company's shares are represented by book entry forms and are governed by the Securities Market Act and other supplementary provisions.

Iberclear (la Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. or the Securities Recording, Clearing and Settlement Management Company) and its members are responsible for maintaining the register of the Company's book entry forms.

The legitimation of the exercise of shareholders' rights is obtained through the inscription in the accounting register, which establishes the ownership and empowers the registered owner to demand that the Company recognizes him as an owner. In the same way, if the Company provides any benefits to anyone that appears as an owner in the accounting register, then he shall be released from the corresponding obligation, even if he is not the beneficial owner of the share, provided it was performed in good faith.

Article 6.- Shareholders' rights and obligations

Each share entitles its owner to the rights established by the Law and by these Bylaws.

The legal possession of a share implies submission to the Corporate Bylaws and to the

decisions made by the Board of Directors and the General Meeting, notwithstanding the objection and separation rights provided for by the Law.

Article 7.- Share transfer regime.

The shares and economic rights associated with them, including the pre-emptive rights, are freely transferable by all lawful means.

Article 8.- Co-ownership, usufruct, pledge and seizure of shares

The shares are indivisible. The co-owners of a share are jointly and severally liable to the Company for any and all obligations arising from their status as shareholders. Co-owners shall appoint a single person to exercise, on their behalf, the rights inherent to their shareholder status. The same rule shall apply to all other situations of co-ownership of rights to shares.

In the case of usufruct of shares, the shareholder status rests with the legal owner, but the usufructuary shall be entitled to receive the dividends declared by the Company during the usufruct period, in all cases. The usufructuary is obliged to facilitate the legal owner's exercise of these rights. The relationship between the usufructuary and the legal owner shall be governed by the provisions of the usufruct arrangement or, in the absence thereof, by the provisions of the Law or otherwise, by the applicable provisions of civil law.

If shares are pledged or seized, the provisions established by the Law shall apply.

Article 9.- Redeemable shares

The Company, in its capacity as a listed company, may issue shares that are redeemable, at the request of the Company, from the owners of those shares or from both, for a nominal amount that does not exceed a quarter of the total share capital, with the limitations and conditions established by the Law at any given time.

The repayment of redeemable shares must also be undertaken, subject to the provisions of the Law that is applicable to every aspect of those shares.

**CHAPTER III
COMPANY GOVERNANCE**

Article 10.- Company bodies

The governance bodies of the Company are the General Shareholders' Meeting and the Board of Directors. Those matters not provided for by these Corporate Bylaws shall be governed by the provisions of the Law.

The legal and statutory regulation of the aforementioned bodies shall be undertaken and supplemented by the Rules of the General Shareholders' Meeting and the Rules of the Board of Directors, whose approval and amendment shall correspond to the General Meeting and to the Board of Directors, respectively.

All powers that have not been legally or statutorily attributed to the General Shareholders' Meeting shall correspond to the Board of Directors.

Section One

The General Shareholders' Meeting

Article 11.- The General Shareholders' Meeting

The General Shareholders' Meeting is the highest decision making body of the Company for all matters that fall under its competence.

The resolutions of the duly constituted General Meeting, adopted pursuant to the Corporate Bylaws, the Rules of the General Meeting and the governing legal provisions, shall bind all of the shareholders, including absentees, abstainers, dissidents and any who lack the right to vote.

For any matters not covered by these Bylaws and the Rules of the General Meeting, the provisions of the Law shall apply, including for the avoidance of doubt, the particulars set out therein for listed companies.

Article 12.- Convening General Shareholders' Meetings

General Meetings, whether ordinary or extraordinary, shall be convened by publishing an announcement in the manner and with the minimum content required by the Law, at least one (1) month in advance of the meeting date, except in those cases where the Law requires a longer notice period.

Notwithstanding the above, when the Company offers all of its shareholders the effective possibility to vote by electronic means, accessible to them all, then extraordinary General Meetings may be called with a minimum notice period of fifteen (15) calendar days, if such a resolution has been adopted by the ordinary General Meeting under the terms established by the Law.

The announcement shall indicate the place, date and time of the Meeting, as well as the matters to be discussed and the right of the shareholders to examine the documentation to be submitted to shareholders for approval at the Company's registered office and the right to obtain, immediately and free of charge, copies of such documents, where appropriate, as well as the auditors' report and the corresponding technical reports.

The announcement may also state the date on which the Shareholders will meet for a second call, if appropriate. A period of at least twenty-four (24) hours must elapse between the first and second meetings.

The announcement shall be published using the following means, at least:

- (a) In the Official Gazette of the Commercial Registry or in one of the newspapers with the highest circulation in Spain.
- (b) The website of Spain's National Securities Market Commission.
- (c) The Company's website.

The General Meeting may be convened in the municipality in which the registered office is located or, when the Chairman deems it appropriate for logistical reasons or otherwise,

at any premises in the municipality of Madrid. When the announcement does not specify the venue, it shall be understood that the meeting will be held at the registered office.

Article 13.- Types of Meetings

General Meetings may be ordinary or extraordinary and must be convened by the Board of Directors of the Company.

An ordinary General Meeting, previously convened for such purpose, shall necessarily be held within the first six (6) months of each financial year, to ratify the management of the company, discuss the approval of the individual accounts and, where appropriate, the consolidated accounts from the previous year, and to resolve on the distribution of any profits. All of this, notwithstanding its duty to discuss and resolve any other matters that appear on the agenda, provided the number of shareholders and percentage of capital, required legally or statutorily, are present, which will vary in each case.

The ordinary General Meeting shall be valid even if it is convened or held out of term.

Any Meeting not covered by the preceding paragraphs shall be considered as an extraordinary General Meeting.

Article 14.- Shareholders' rights regarding announcements

The Board of Directors must convene a General Shareholders' Meeting when so requested by one or more of the shareholders of the Company representing at least three per cent (3%) of the share capital, provided they state the matters to be discussed in their meeting request. In this case, the General Shareholders' Meeting shall be convened and held within two (2) months of the date on which the Board of Directors receives the notarized request to convene it; the matters that formed the subject of the request must be included in the agenda.

Similarly, once an ordinary General Meeting has been convened, the shareholders that represent three per cent (3%) of the share capital may request, through due notification that should be received by the Company at its registered office within five (5) days following the publication of the announcement, that a supplement to the announcement be published including one or more items on the agenda, provided their request is accompanied by a justification or, where appropriate, a justified proposed resolution. The supplement to the announcement must be published at least fifteen (15) days in advance of the date established for the General Shareholders' Meeting.

Finally, in relation to any General Meeting, the shareholders that represent three per cent (3%) of the share capital shall be entitled to present proposals based on agreements about matters already included or that should be included on the agenda of the General Meeting; the Company must ensure the communication of these proposals under the terms established by the Law.

Article 15.- Legitimization for attending General Meetings

All holders of one or more shares, whose ownership is registered in the corresponding accounting register of entries with five (5) days in advance of the date scheduled for the Meeting, have the right to attend the General Meetings, provided that they accredit their ownership by exhibiting, at the registered office or at any other location indicated in the

announcement, the corresponding certificate or attendance card or in any other form permitted by the governing legislation.

Other people may also attend General Meetings, when requested to do so by the Chairman of the General Meeting or the Board of Directors. Meanwhile, the members of the Board of Directors of the Company shall be required to attend all sessions of the General Meeting.

Similarly, the Chairman of the General Meeting may authorize the attendance of other people when he deems it appropriate for the proper conduct of the meeting, although the General Meeting itself may revoke that authorization.

All matters not covered by this article regarding the right to attend the Meeting shall be governed by the provisions of the Rules of the General Shareholders' Meeting and the Law.

Article 16.- Representation

Every shareholder that has the right to attend may be represented at the General Meeting by another person, who need not be a shareholder. The representation shall be conferred according to the terms and within the scope established by the Law, according to the provision established for that purpose by the Rules of the General Meeting in force at any given time.

Representation may also be conferred by telematic means of communication, duly guaranteeing the identity of both the represented shareholder and the representative, when the Board of Directors so determines, where appropriate, on the occasion of convening each Meeting, in accordance with the provisions of the Rules of the General Shareholders' Meeting of the Company.

The Chairman, Secretary of the General Meeting or persons appointed by them, will be deemed authorized to determine the validity of the representations conferred and compliance with the attendance requirements of the Meeting.

Representation shall always be revocable. Personal attendance at the General Meeting by the shareholder represented shall result in such revocation.

Article 17.- Telematic means of communication and absentee voting

Shareholders may attend the General Meeting, and vote at it, through telematics means of communication or remotely, in accordance with the provisions of the Rules of the General Meeting and provided the Board of Directors is in agreement.

The conditions and limitations regarding attendance and voting will be detailed in the Rules of the General Meeting, in accordance with the provisions of the Law at any given time.

Article 18.- Establishment of a Quorum for the General Shareholders' Meetings

An ordinary or extraordinary General Meeting will be validly established in the first call, when the shareholders that are present or represented account for, at least, twenty-five per cent (25%) of the subscribed capital with voting rights; the establishment of the Meeting

will be valid in the second call regardless of the share capital present. Any events for which the applicable legislation stipulates a higher quorum are excluded from this article.

Shareholders with attendance rights, who, where appropriate, cast their votes remotely through the means established by the Company will be counted as present for the purposes of the establishment of the General Shareholders' Meeting in question.

The General Meeting shall also be validly established to consider and resolve any matter, whenever all of the share capital is present and those attending the meeting unanimously agree to it being held.

Article 19.- Approval of resolutions

Each share with a right to vote that is present or represented at the General Shareholders' Meeting shall be entitled to one vote.

Resolutions will be approved upon the favorable vote of more than half of the shares entitled to vote that are present or represented at the General Shareholders' Meeting, except in those cases where the Law or these Corporate Bylaws require a qualified majority. The Rules of the General Meeting will detail the procedures and systems for calculating the votes on proposed resolutions.

Article 20.- Shareholders' right to information

The shareholders' rights to information and participation in connection with the General Meeting are governed by the legislation applicable to the Company at any given time and by the provisions of the Rules of the General Shareholders' Meeting, which develop it.

Article 21.- The Presiding Panel of the General Meeting

The Presiding Panel of the General Meeting will be led by the Chairman of the Board of Directors or his substitute, assisted by the Secretary to the Board of Directors or his substitute.

All matters not covered by this article regarding the Presiding Panel shall be governed by the provisions of the Rules of the General Shareholders' Meeting and the Law.

Section Two

The Board of Directors

Article 22.- Organizing the administration

The Company shall be governed and managed by the Board of Directors, with the broadest powers permitted by Law, except regarding those matters for which the General Meeting takes responsibility, pursuant to the Law and these Bylaws.

The Board of Directors constitutes the body responsible for leading the management, administration and representation of the Company, notwithstanding the powers that correspond to the General Meeting, pursuant to the Law and to these Bylaws. The Board of Directors shall focus its activity mainly on the supervision and control of the ordinary management of the Company entrusted to the executive directors and senior management,

as well as to the consideration of all matters of particular importance for the Company.

Article 23.- Appointment

The power to appoint members of the Board of Directors lies exclusively with the General Shareholders' Meeting, notwithstanding the possibility of co-optation in accordance with the provisions of the Law.

Persons does not need to be shareholders to be appointed as Directors.

Directors shall hold office for a period of four (4) years, starting from the date of acceptance; and may be re-elected one or more times for periods of the same maximum length.

Persons affected by any of the prohibitions established by the governing legislation, due to incapacity or incompatibility, may not be Directors.

The Directors of the Company shall be assigned to one of the following categories from the date of their nomination: executive directors, external independent directors or external proprietary directors. The definition of these categories shall be established in accordance with the legislation and good governance recommendations that apply to the Company at any given time and that feature in, or where appropriate, are developed by the Rules of the Board of Directors.

The following may not be appointed Directors, not even, where appropriate, individual representatives of directors that are legal entities:

- a) Domestic and foreign companies whose majority shareholder, direct or indirect, has a direct or indirect holding in a company that operates in the railway sector, or in other sectors in which the Company competes, as well as their directors, senior managers and people who, where appropriate, are proposed by them in their capacity as shareholders.
- b) Persons who, during the two (2) years prior to their possible appointment, have held senior positions in public administrations that are incompatible with the performance of their functions as Directors of a listed company, in accordance with regional or state legislation, or positions of responsibility in a sector in which the company undertakes its activity.

In any case, the appointment, ratification and re-election of directors must comply with the provisions of the Law and with the Rules of the Corporate Governance System of the Company.

- c) Natural and legal persons who are subject to any other case of incompatibility or prohibition governed by the general rules, including those that, in any way, have interests that are opposed to those of the Company or any of the Group's companies.

Article 24.- Composition of the Board of Directors

The Company shall be governed and administered by the Board of Directors, which shall be formed by at least five (5) and not more than fifteen (15) members, who shall be

appointed and ratified by the General Shareholders' Meeting, subject to the Law. The General Shareholders' Meeting shall determine the final number of Board members within the aforementioned minimum and maximum limits.

The Board of Directors shall appoint a Chairman, and may also appoint, if it so decides, one or more Vice-Chairmen, who shall substitute the Chairman in the event of his vacancy, absence or illness. If several Vice-Chairmen are appointed, then their rank should be established when they are appointed. In the absence of the Chairman and Vice-Chairmen, the oldest Director shall chair the meeting.

In the event that the Chairman is also the CEO, then the Board of Directors shall, with the abstention of the Executive Directors, appoint a Coordinating Director from the group of Independent Directors, at the recommendation of the Nomination and Remuneration Committee. The Coordinating Director shall be specifically empowered: to convene meetings of the Board of Directors and include new items on the Agenda of Board Meetings that have already been convened; to coordinate and bring together the Non-Executive Directors; and to lead, where appropriate, the periodic evaluation of the Chairman of the Board of Directors.

He shall also appoint one individual to undertake the role of Secretary and may name a Vice-Secretary, who will substitute the Secretary in cases of vacancy, absence or illness. Both the Secretary and the Vice-Secretary may or may not be Directors and when they are not, they will have a voice but no vote. In the absence of the Secretary and Vice-Secretary, the Secretary of the Board appointed by the Chairman, or his substitute, shall perform the functions.

Article 25.- Remuneration

The position of Director is remunerated.

Notwithstanding the provisions of the other paragraphs in this article, the Directors' remuneration will, in general, comprise a fixed annual amount and an attendance allowance for each meeting held by the Company's Board of Directors or its Committees, as follows:

- (i) The annual fixed amount shall be a quantity for each one of the Directors and shall be determined by the General Meeting. If the General Meeting fails to determine the amount, then it will be equal to the quantity paid in the previous year, increased to reflect the Consumer Price Index or whichever index replaces that in the future.
- (ii) The allowance for attending each meeting held by the Company's Board of Directors or its Committees shall be equivalent to an amount per Director and meeting, which the General Meeting shall also determine. If the General Meeting fails to determine the amount, then it will be equal to the quantity paid in the previous year, increased to reflect the Consumer Price Index or whichever index replaces that in the future.

In addition, it is expected that remuneration systems will be established linked to the trading value of the shares or that entail the delivery of shares or share option rights. The application of these remuneration systems shall be approved by the General Shareholders' Meeting, which shall determine the share value to be taken as the reference price, the number of shares to be delivered, the exercise price of option rights, the term (duration) of

these remuneration systems and any other conditions that are deemed appropriate.

Similarly, the Company is authorized to take out civil liability insurance for its Directors.

The payments established in this article shall be compatible with and independent of the wages, remuneration, indemnities, pensions, contributions to social security systems, life insurance and other compensation of any kind, fixed or variable, annual or multi-annual, established in general or individually for those members of the Board of Directors that perform executive functions, regardless of the nature of their relationship with the Company, be it employment – common or special (senior management) -, commercial or involving the provision of services, provided those relationships are compatible with their roles as members of the Board of Directors and the provisions of the applicable legislation are respected at all times.

Article 26.- Convening meetings of the Board of Directors

The Board shall meet as often as necessary to perform its functions effectively and whenever the interests of the Company so require it, following a calendar of dates and matters established at the start of the year, whenever it is convened by the Chairman or his substitute, as well as whenever at least one third (1/3) of the members of the Board of Directors so request it, indicating the agenda, and shall be held in the locality in which the registered office is located, if, upon request to the Chairman of the Board of Directors, without justified cause, the meeting call had not been made with one (1) month's notice.

The announcement of meetings of the Board of Directors shall be issued at least seven (7) calendar days in advance of the meeting, by letter, email or fax or by any other written or electronic means that ensures its receipt. In urgent cases, so judged by the Chairman, the minimum notice period shall be twenty-four (24) hours. The announcement shall specify the date, place and time of the meeting and the agenda, and shall be accompanied by the information required for the appropriate preparation of the meeting, all in accordance with the details set out in the Rules of the Board.

A meeting of the Board of Directors shall be valid, without prior announcement when, if all of the members have gathered together, they decide unanimously to hold a meeting.

Article 27.- Quorum, representation and remote participation in meetings of the Board of Directors

The Board of Directors shall be validly constituted when half plus one of its members are in attendance at the meeting, either in person or represented by another Director.

Directors may only be represented in meetings of the Board of Directors by another Director. In any case, proxy shall be conferred by letter, addressed to the Chairman, or by any other means established by the Rules of the Board of Directors.

Meetings shall be held at the registered office of the Company or in any place previously designated by the Chairman and indicated in the announcement.

Board meetings may be held by conference call, video conference or by any other analogous system, whereby one or more of the Directors attend the meeting through the aforementioned system. For this purpose, the announcement should indicate the location in which the physical meeting will take place, i.e. where the Secretary to the Board must

attend, and should also state that the Directors may attend by conference call, video conference or equivalent system; finally, it should indicate and make available the technical means necessary to this end, which in all cases must enable direct and simultaneous communication between all of the attendees.

Article 28.- Approval of resolutions by the Board of Directors

The resolutions of the Board of Directors shall require an absolute majority of the Directors, with the exception of the provisions of the following paragraph. Any other reinforced majorities that the Law establishes at any given time shall be excluded from this article.

Voting in writing and without a session will be valid if no Director opposes it, following the procedures prescribed in the Rules of the Board.

The resolutions of the Board of Directors shall be recorded in the minutes, which shall be approved by the body at the end of the meeting or during the following meeting. The minutes shall be signed by the Secretary of the Board of Directors or the Secretary of the session, with the Approval of the person who acted as Chairman of the meeting. The minutes shall be included in the Book of Minutes.

Article 29.- Delegated bodies of the Board of Directors

The Board of Directors may delegate its functions, in whole or in part, within the legal limits, to one or more Executive Committees, as well as to one or more Managing Directors, under the terms and to the extent deemed appropriate, and the delegation agreement, which shall be approved with a majority of, at least, two thirds (2/3) of the members, should indicate their respective powers and scope of operation.

The Board of Directors may permanently delegate all of the powers that correspond to the Board of Directors, except those whose performance is earmarked by the operation of the Law, the Corporate Bylaws or the Rules of the Board of Directors.

Section Three

Board Committees

Article 30.- Executive Committee

The Board of Directors shall appoint the Directors who are to form the Executive Committee, which shall comprise a minimum of three (3) and a maximum of five (5) members.

The Executive Committee shall be delegated all of the powers of the Board of Directors with the exception of those that cannot be delegated by Law or because the Rules of the Board of Directors so establish it.

The operating rules for the Executive Committee shall be established by the Rules of the Board of Directors and, where appropriate, by the own internal rules agreed by that Committee.

Article 31.- Audit Committee

The Company shall have an Audit Committee, comprising a minimum of three (3) and a maximum of five (5) Directors, appointed by the Board of Directors from amongst its external directors.

At least two (2) Independent Directors shall form part of the Audit Committee, at least one of which shall be appointed taking into account his knowledge and experience in terms of accounting, auditing or both.

The Chairman of the Audit Committee shall be appointed from amongst the Independent Directors that form it.

The appointment of members to the Audit Committee, as well as the appointment of the Chairman and the Secretary, shall be performed by the Board of Directors, by absolute majority. Their renewal shall take place at the time, and in the form and number decided by the Board of Directors of the Company.

The Secretary of the Audit Committee may be one of its members or may be the Secretary or Vice-Secretary of the Board of Directors. In the case of the latter, the Secretary does not have to be a member of the Audit Committee.

The Audit Committee shall assume the functions and powers established by the Law and by the Rules of the Board of Directors.

Article 32.- Nomination and Remuneration Committee

The Company shall have a Nomination and Remuneration Committee, an internal body with the powers to assess and control the corporate governance of the Company, comprising at least three (3) and at most five (5) Directors, appointed by the Board of Directors. All of the members of the Nomination and Remuneration Committee must be external Directors. The Nomination and Remuneration Committee shall comprise at least two (2) Independent Directors.

The Chairman of the Nomination and Remuneration Committee shall be appointed from amongst the Independent Directors that comprise it.

The appointment of members to the Nomination and Remuneration Committee, as well as the appointment of the Chairman and the Secretary, shall be performed by the Board of Directors, by absolute majority. Their renewal shall take place at the time, and in the form and number decided by the Board of Directors of the Company.

The Secretary of the Nomination and Remuneration Committee may be one of its members or may be the Secretary or Vice-Chairman of the Board of Directors. In the case of the latter, the Secretary does not have to be a member of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall assume the functions and powers established by the Law and by the Rules of the Board of Directors.

Article 33 – Other Committees

In addition to the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee provided for in the preceding paragraphs, the Board of Directors may establish as many committees as it deems appropriate for the proper performance of its functions. The composition and functions of these committees shall be determined by the Board of Directors and shall be further developed by the Rules of the Board of Directors.

CHAPTER IV

FINANCIAL YEAR AND ANNUAL ACCOUNTS

Article 34.- Financial year

The financial year will have a duration of one year and will cover the period from 1 January each year until the 31 December of the same year.

By exception, the first financial year began on the date that the Company was incorporated and ended on 31 December of the following year.

Article 35.- Financial Statements.

The Board of Directors must prepare the financial statements , Directors' report and proposal for the distribution of profits within a maximum period of three (3) months from the closing date of the financial year, and where appropriate, the consolidated financial statements and consolidated Directors' report, in accordance with the valuation criteria and structure required by the Law and by the other legislation applicable to the Company.

Article 36.- Distribution of profits

Dividends may only be distributed from the profit for the year, or against unrestricted reserves, if the reserves established by the Law and by these Bylaws have been covered and the value of the shareholders' equity is not and will not, as a result of the distribution, be lower than the share capital. If losses have been made in previous years, which mean that the equity value of the Company is lower than the share capital, then any profits shall be used to offset those losses.

The remainder shall remain at the free disposable of the General Meeting, which will make a resolution regarding its use. The dividend distribution agreement shall comply, in all cases, with the requirements required by the Law, and shall determine the timing and form of payment.

The General Meeting may resolve that the dividend be paid in full, or partially in kind, provided it complies with the requirements established by the Law.

Both the General Meeting and the Board of Directors may resolve to distribute interim dividends, provided that the requirements established by the governing legislation are fulfilled.

CHAPTER V

DISSOLUTION AND LIQUIDATION

Article 37.- Dissolution

The Company shall be dissolved and liquidated for the reasons and in accordance with the procedures established by the Law.

Article 38.- Liquidation

Upon dissolution, the members of the Board of Directors shall become the liquidators,

except when the General Shareholders' Meeting appoints other parties to resolve the dissolution. The liquidators shall hold office indefinitely. Once three (3) years have passed from the filing of the liquidation without the final liquidation balance being presented to the General Shareholders' Meeting, then any shareholder or person with a legitimate interest may apply to the Commercial Court of the registered office for the separation of the liquidators in the manner provided for by the Law.

Once all of the creditors have been paid, or the amount of their claims against the Company have been allocated, and the amounts not yet due have been assured, the corporate assets shall be liquidated and divided up amongst the shareholders, with the liquidation quota being proportional to the stake in the share capital of the Company.

CHAPTER VI BOND ISSUES

Article 39.- Bond issues.

The Company may issue bonds or other securities that recognize or create a debt, in accordance with the established legal limits and framework.

Bonds may be represented by certificates or book entries form; the latter are governed by the legal provisions that apply to them and may be simple or mortgage.

CHAPTER VII JURISDICTIONE

Article 40.- Jurisdiction

In the event that any legal disputes arise between the Company and the shareholders with regard to the corporate affairs, then both the Company and the shareholders waive their own jurisdictions, and expressly subject themselves to the jurisdiction of the headquarters of the registered office of the Company, except in those cases in which the applicable law imposes another jurisdiction.