



PROPOSED RESOLUTIONS FORMULATED BY THE BOARD OF DIRECTORS TO THE GENERAL SHAREHOLDERS' MEETING OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. CALLED TO BE HELD ON 19 APRIL 2018, ON FIRST CALL, AND ON 20 APRIL 2018, ON SECOND CALL

The resolutions that the Board of Directors of Distribuidora Internacional de Alimentación, S.A. ("DIA" or the "Company") proposes for approval by the shareholders at the General Meeting are as follows:

PROPOSED RESOLUTION REGARDING ITEM ONE ON THE AGENDA. EXAMINATION AND APPROVAL, IF APPROPRIATE, OF THE ANNUAL ACCOUNTS, ALLOCATION OF RESULTS AND CORPORATE MANAGEMENT

1.1. Examination and approval of the Company's individual annual accounts and the individual annual accounts of the Company consolidated with those of its subsidiaries, as well as the Company's individual management report and the management report of the Company consolidated with that of its subsidiaries, for the financial year ended 31 December 2017

It is proposed to approve the individual annual accounts of Distribuidora Internacional de Alimentación, S.A. (balance sheet, income statement, statement of changes in equity, statements of cash flows, and notes) and the individual annual accounts of the Distribuidora Internacional de Alimentación, S.A. consolidated with those of its subsidiaries (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes, all consolidated), as well as the Company's individual management report and the management report of the Company consolidated with that of its subsidiaries, for the financial year ended 31 December 2017, as formulated by the Board of Directors.

1.2. Proposed allocation of the results of the Company for the financial year ended 31 December 2017

Pursuant to the proposal made by the Board of Directors at the meeting held on 21 February 2018, it is proposed to approve the allocation of the results of the Company described below:

To distribute all of the positive individual results from financial year 2017, in the amount of eighty eight million eight hundred ninety seven thousand eight hundred and twelve euros and thirty four euro cents (88,897,812.34 Euros) to dividends for distribution among the shareholders, in the terms regulated in the following resolution 1.3.

1.3. Examination and approval of the distribution of dividends to be charged against financial year results and voluntary reserves.

Pursuant to the proposal made by the Board of Directors at the meeting held on 21 February 2018, it is proposed to distribute among the shareholders of the Company a gross fixed cash dividend of EIGHTEEN EURO CENTS (€ 0.18) for each Company share with a right to receive such dividend on the date in which the corresponding payment is made, from which amount shall be deducted any retention at source that might be applicable.

Given the number of shares currently in circulation and if the company held no treasury shares, such distribution would entail the distribution of a maximum total amount of one



hundred and twelve million forty two thousand one hundred and seventy two euros and thirty four euro cents (112,042,172.34 Euros).

This maximum total dividend will be distributed with charge to:

- (i) all positive individual results from financial year 2017 earmarked for dividends referred to in resolution 1.2 above, which amount to eighty eight million eight hundred ninety seven thousand eight hundred and twelve euros and thirty four euro cents (88,897,812.34 Euros) corresponding; and
- (ii) voluntary reserves, up to a maximum amount of twenty three million one hundred forty four thousand three hundred and sixty euros (23,144,360 Euros).

The dividend total amount and, consequently, the total amount of the reserves earmarked for payment of such dividend, will be determined at the time of distribution according to the treasury position held by the Company at that time. Solely for informational purposes and in light of the level of the Company's treasury position on 31 December 2017, the charge to voluntary reserves would amount to twenty one million two hundred eighty eight thousand four hundred and forty six euros and six euro cents (21,288,446.06 Euros).

Such amount shall be paid on 17 July 2018 through the participants in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR).

1.4. Examination and approval of the management and activity of the Board of Directors during the financial year ended 31 December 2017

It is proposed to approve the corporate management and the activities performed by the Board of Directors of the Company during the financial year ended on 31 December 2017.



**PROPOSED RESOLUTION REGARDING ITEM TWO ON THE AGENDA.
COMPOSITION OF THE BOARD OF DIRECTORS: NUMBER OF DIRECTORS
SETTING AND APPOINTMENT OF NEW DIRECTORS FOR THE STATUTORY
PERIOD**

2.1 Setting the number of Directors at twelve members

It is proposed to set at twelve the number of the Company's Directors, within the threshold provided in Recommendation 13 of the Code of Good Governance for publicly traded companies and article 32 of the Articles of Association, this is, to increase by two members the current number of Directors.

2.2 Appointment of Mr Stephan Edward DuCharme as external proprietary Director of the Company

It is proposed to appoint for the three-year term provided for in the Articles of Association, the Director Mr Stephan Edward DuCharme, whose classification is that of "external proprietary Director", to represent the Company's significant shareholder Letterone Investment Holdings, S.A., upon a favourable report from the Nomination and Remuneration Committee.

2.3 Appointment of Mr Karl-Heinz Holland as external proprietary Director of the Company

It is proposed to appoint for the three-year term provided for in the Articles of Association, the Director Mr Karl-Heinz Holland, whose classification is that of "external proprietary Director", to represent the Company's significant shareholder Letterone Investment Holdings, S.A., upon a favourable report of the Nomination and Remuneration Committee.



PROPOSED RESOLUTION REGARDING ITEM THREE ON THE AGENDA. RE-ELECTION OF KPMG AUDITORES, S.L. AS STATUTORY AUDITORS OF THE COMPANY AND OF ITS GROUP FOR FINANCIAL YEARS 2018, 2019 AND 2020

In order to comply with the legal obligation to verify the annual accounts of the Company by auditors and, upon proposal of the Audit and Compliance Committee, it is agreed to re-elect KPMG Auditores, S.L. as auditors of the Company and of its group, which will audit for a period of three years, in accordance with article 22 of Law 22/2015, of 20 July, on Account Auditing, in its current wording, for the individual annual accounts of the Company and the individual annual accounts of the Company consolidated with those of its subsidiaries for the financial years ended 31 December 2018, 2019 and 2020.

It is recorded that KPMG Auditores, S.L. has its corporate domicile in Madrid, Paseo de la Castellana, 95, with Fiscal Identity Number B-78510153, being registered in the Madrid Mercantile Registry, in Volume 11,961, Sheet 90, Section 8, Page M-188.007, Entry No. 9, as well as in the Official Registry of Accounting Auditors under number S0702.



**PROPOSED RESOLUTION REGARDING ITEM FOUR ON THE AGENDA,
APPROVAL OF THE AMENDMENTS TO THE DIRECTORS' REMUNERATION
POLICY 2015-2018, CURRENTLY IN FORCE**

To approve, in accordance with the provisions of article 529 *novodecies* of the Capital Companies Law, the amendment of the Directors' remuneration policy for the period 2015-2018, which was originally approved by the 2015 Shareholders' Meeting on April 24, 2015, on the terms set out below, the wording of which has been made available to the shareholders (as part of the relevant favorable report by the Nomination and Remuneration Committee) together with the rest of the documentation for the Shareholders' Meeting since the date of its call:

1. A proposal is made to replace the third paragraph of section 4 on "Directors' remuneration system for their services as such", which will be worded as follows. The approval of this amendment entails setting a new maximum amount for the annual remuneration of all the Directors for their position as such, in accordance with the provisions of articles 217 and 529 novodecies of the Capital Companies Law:

"For fiscal years 2015, 2016 and 2017, the upper limit on the remuneration payable overall to the Directors for their position as such amounts to 1,500,000 euros. For fiscal year 2018, the upper limit on the remuneration payable overall to the Directors for their position as such amounts to 2,000,000 euros."

2. A proposal is made to replace the first paragraph of section 5.1 "Fixed Remuneration" under section 5 "Remuneration system for executive Directors", which will hereafter be worded as follows:

"Its aim is to reward the performance of executive duties. For the Company's only executive Director, his fixed annual remuneration has been set at 600,000 euros. For 2018, the fixed remuneration shall be the result of applying rules for review to such amount, based on the year-on-year positive variation in the CPI (Consumer Price Index, national general index published by the National Statistics Institute) for the period December 2016-December 2017."



**PROPOSED RESOLUTION REGARDING ITEM FIVE ON THE AGENDA.
APPROVAL OF THE DIRECTORS' REMUNERATION POLICY FOR FINANCIAL
YEARS 2019-2021**

To approve, in accordance with the provisions of article 529 novodecies of the Capital Companies Law, the Directors' remuneration policy of DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. for fiscal years 2019, 2020 and 2021, the text of which has been made available to the shareholders together with the relevant favorable report by the Nomination and Remuneration Committee and the rest of the documentation relating to the Shareholders' Meeting since the date of its call, and which includes, among other components, the upper limit of the overall annual remuneration to be paid to the Directors for the office of Director.



**PROPOSED RESOLUTION REGARDING ITEM SIX ON THE AGENDA.
APPROVAL OF THE DELIVERY OF PART OF THE REMUNERATION OF THE
COMPANY'S BOARD OF DIRECTORS, IN THEIR CAPACITY AS BOARD
MEMBERS, IN THE FORM OF COMPANY SHARES**

A proposal is made to the shareholders at the General Meeting, pursuant to article 39.4 of the Articles of Association, to deliver 50% of the annual gross fixed stipend of the members of the Board of Directors for financial year 2018 in shares of the Company, thus delivering the remaining 50% in cash.

The shares corresponding to each of the Directors for performing their duties as such Directors, shall be delivered as from 15 December 2018 (including the remuneration for said month).

The maximum number of shares to be delivered to each Director as remuneration for his/her position of Director for financial year 2018 shall be calculated by reference to the result of dividing 50% of the various concepts that compose the fixed stipend of each Director by a benchmark listing price, which, for financial year 2018, shall be the volume weighted average price (VWAP) of the closing prices for DIA shares during the 15 trading days prior to 21 February 2018 (inclusive).

The Directors must maintain ownership of these shares until the time they cease to be a Director.



PROPOSED RESOLUTION REGARDING ITEM SEVEN ON THE AGENDA. APPROVAL OF THE LONG-TERM INCENTIVE PLAN (2018-2022) CONSISTING OF THE AWARD OF SHARES TO COMPANY MANAGERS (INCLUDING THE EXECUTIVE OFFICER)

The proposal is to approve, pursuant to article 219 of the revised Corporate Enterprises Law, approved by Legislative Royal Decree 1/2010, of July 2, 2010, and to article 39.4 of the bylaws, the establishment of a Long-Term Incentive Plan for the period 2018-2022 (the “**Incentive Plan**” or the “**Plan**”), payable by means of the award of DIA shares, which has been approved by the Board of Directors of DIA following a proposal by the Nomination and Remuneration Committee, on the following terms:

Aim and description: the principal aim of the Plan is to align the interests of the beneficiaries with those of DIA’s shareholders and to provide the beneficiaries with an incentive for the achievement of the Company’s strategic objectives for the 2018-2022 period.

The Plan is a long-term incentive consisting of the possibility of the beneficiaries receiving a specific number of Company shares (“**Shares**”) after a set period time has elapsed and provided that certain requirements are met.

The application and execution of the Plan is regulated by the general terms and conditions approved by the Board of Directors of the Company, at the proposal of the Nomination and Remuneration Committee.

Length of the Plan, dates and periods: Without prejudice to its payment period, the Plan has a term of five (5) years, divided into three (3) independent cycles (“**Cycles**”), with a measurement period of three (3) years for each Cycle. The three Cycles of the Plan are as follows:

- First cycle of the Plan: from January 1, 2018 through December 31, 2020 (“**First cycle of the Plan**”).
- Second cycle of the Plan: from January 1, 2019 through December 31, 2021 (“**Second cycle of the Plan**”).
- Third cycle of the Plan: from January 1, 2020 through December 31, 2022 (“**Third cycle of the Plan**”).

The payment period for the Plan will cover years 2021, 2022, 2023 and 2024.

Save in cases of early payment of the Plan, the Shares will be delivered to the beneficiaries on the following delivery dates (“**Delivery Dates**”):

- First Cycle of the Plan: the Shares corresponding to the First Cycle of the Plan will be delivered in April 2021 (50% of the Shares) and January 2022 (50% of the Shares).
- Second cycle of the Plan: the Shares corresponding to the Second cycle of the Plan will be delivered in April 2022 (50% of the Shares) and January 2023 (50% of the Shares).



- Third Cycle of the Plan: the Shares corresponding to the Third Cycle of the Plan (50% of the Shares) and January 2023 (50% of the Shares) and January 2024 (50% of the Shares).

The Plan will end on the last Delivery Date corresponding to the Third Cycle of the Plan, that is, in January 2024.

Objectives of the Plan: The Board of Directors, at the proposal of the Nomination and Remuneration Committee, will establish the objectives on which the delivery of Shares under each Cycle of the Plan will depend.

The delivery of Shares under the First Cycle of the Plan will depend on the fulfilment of a series of business targets of the Company and of its Group, linked to the performance of “Group Return on Investment” and “Group Sales Evolution” resulting from the consolidated financial statements corresponding to the period 2018-2020 and the performance of the Company’s Total Shareholder Return (TSR) during the period 2018-2020, compared to the TSR performance of a peer comparison group. The beneficiaries must maintain their employment or independent contractor relationship with DIA, or any of its subsidiaries, on the dates established in the Plan in order to be able to receive the Shares. In the event of termination of the relationship held by the beneficiaries of the Plan with DIA, or with any of its subsidiaries, they will forfeit the right to receive shares under the Plan, save in certain cases that may be established by the Board of Directors.

For the purposes of measuring the TSR performance corresponding to the First Cycle of the Plan, the weighted average by daily volume of the weighted average prices of the DIA share and of the shares of the companies in the comparison group in the 15 trading sessions prior to the date of the Board of Directors’ approval of the call for the Annual General Meeting that is to approve, as the case may be, the Plan (i.e., before March 15, 2018), as well as the weighted average by daily volume of the weighted average prices of the DIA share and of the shares of the companies in the comparison group in the 15 trading sessions following the date of publication of the income/loss for 2020.

For the remaining two Cycles of the Plan, the initial reference value of the Share will be the weighted average by daily volume of the weighted average prices of the DIA share and of the shares of the companies in the comparison group in the 15 trading sessions prior to the date of preparation by the Board of Directors of the consolidated financial statements corresponding to the year immediately preceding the start year of the corresponding Cycle, and the final reference value will be the weighted average by daily volume of the weighted average prices of the DIA share and of the shares of the companies in the comparison group in the 15 trading sessions following the date of publication of the income/loss for 2021 and 2022 for the Second and Third Cycle of the Plan.

For the Second and Third Cycle of the Plan, the Board of Directors, at the proposal of the Nomination and Remuneration Committee, may establish other objectives on which the delivery of Shares to the beneficiaries of the Plan will depend, full details of which will be contained in the relevant Annual report on Directors’ Remuneration.

Beneficiaries: The CEO, senior managers and other key employees of DIA and of its subsidiaries, both present and future, chosen by the Board of Directors who meet the



requirements stipulated in the general terms and conditions of the Plan and who are formally invited to participate in each Cycle of the Plan. It is estimated that this group comprises approximately 215 people. The Board of Directors, following a proposal by the Nomination and Remuneration Committee, may decide in the future to include other employees as beneficiaries of the Plan.

Maximum number of shares allocated to the Plan: The maximum total number of Shares to be awarded to all beneficiaries of the Plan (including executive directors) will amount to 24,394,852 Shares (a number of Shares which will be subject, if necessary, to the usual adjustments in the event of changes to the Company's capital structure, such as changes in the par value of the share, and will be reduced by the related taxes or withholdings). The CEO may receive in 2018, 2019 and 2020, initial dates of each of the Cycles of the Plan, a maximum allocation of rights corresponding to 592,105 Shares in each of said years, the delivery of which will occur in the dates set forth above.

The reference value of the Share for the First Cycle of the Plan will be the weighted average by daily volume of the weighted average prices of the DIA share in the 15 trading sessions prior to March 15, 2018, the date of the Board of Directors' approval of the call for the Annual General Meeting that is to approve, as the case may be, the Plan.

For the remaining two Cycles of the Plan, the reference value of the Share will be the weighted average by daily volume of the weighted average prices of the DIA share in the 15 trading sessions prior to the date of preparation by the Board of Directors of the Company of the consolidated financial statements corresponding to the year immediately preceding the start year of the corresponding Cycle.

The price of any Shares to be delivered under the Plan will correspond to the closing market price on each one of the corresponding Delivery Dates.

Other terms:

- The Board of Directors, at the proposal of the Nomination and Remuneration Committee, will determine the indicators, and the degree of achievement, on which the delivery of shares to the beneficiaries in each Cycle of the Plan will depend.
- The Shares that may be received by the beneficiaries under the Plan will only be delivered if sustainable in accordance with the Company's situation, and if justified on the basis of its results.
- The Plan includes the corresponding malus clauses, which will apply both during each Cycle of the Plan and in the period elapsed between the end of each Cycle and the effective delivery of the Shares, and clawback clauses, which will apply for the three years following the end of each Plan Cycle and may cause the Shares to be delivered to be reduced or returned in certain circumstances, in accordance with what is established by the Board of Directors from time to time.
- The CEO and the members of the Executive Committee of the DIA Group must hold all of the Shares they receive under the Plan or any other long-term incentive plans



implemented by DIA or that it may implement in the future until they own a number of Shares equal to twice their fixed remuneration, in the case of the CEO, or once their fixed remuneration, in the case of the members of the Executive Committee of the DIA Group. The CEO and the members of the Executive Committee of the DIA Group must retain the ownership of those Shares until the end of their employment or independent contractor relationship with the Company. The foregoing will not apply to any Shares the CEO and the members of the CEGD may need to dispose of in order to pay the costs and taxes relating to their acquisition.

- If necessary or appropriate for statutory, regulatory or other analogous reasons, the stipulated award mechanisms may be adjusted, without altering the maximum amounts of the Plan or the essential terms on which the award depends.
- The Shares to be awarded will be Company shares and may be newly issued or obtained from third parties with whom agreements have been executed in order to ensure coverage of the commitments given under the Plan.

Delegation of powers: Those present agreed to empower the Board of Directors, with express powers of substitution and delegation, so that it may implement, develop, execute, perform and pay out the Plan, by adopting all such resolutions and executing all such public or private documents as may be necessary or appropriate for its full effect, including powers to correct, rectify, amend or supplement this resolution and, in particular and without limitation, the following powers:

- a. to designate the beneficiaries, either upon the establishment of the Plan or thereafter, and to determine their allotments in each Cycle of the Plan, to establish any additional conditions to be met by some or all of the beneficiaries and to revoke, as the case may be and where appropriate, designations and allotments previously made;
- b. where so required or advisable according to the legal regime applicable to the beneficiaries or to certain Group companies, or if necessary or appropriate for statutory, regulatory, operating or other analogous reasons, to adapt the basic conditions indicated, in general or in particular, including, but not limited to, the possibility of adapting the mechanisms for delivery of the Shares, without altering the maximum number of Shares linked to the Plan and to provide for and execute the total or partial payment of the Plan in cash.
- c. to set the terms and conditions of the Plan where not stipulated in this resolution, in particular and without limitation, to stipulate the indicators, the objectives and the related coefficients on which the award of shares in each Cycle will depend, including, inter alia, cases in which the Plan is paid out early, and to declare compliance with the terms on which, as the case may be, such early payment depends;
- d. to bring the contents of the Plan into line with the corporate circumstances and transactions arising during its term, referred to DIA and the companies that are part of the peer group at all times, on the terms and conditions deemed necessary or appropriate from time to time in order to maintain the purpose of the Plan. Specifically, to modify the composition of the peer group of companies as a result of corporate transactions that



represent changes or disappearances of those companies, and to establish and adjust the corresponding metrics and the respective scales of achievement of the targets in accordance with the situation of the Company from time to time;

- e. to execute and implement the Plan as deemed most appropriate, taking all necessary actions for its optimum performance;
- f. to draft, sign and serve all notices and all public or private documents as are necessary or appropriate, on any public or private body, for the implementation and performance of the Plan;
- g. to take any action, make any statement or take any step vis-à-vis any public or private body, entity or registry with a view to obtaining such authorization or verification as is necessary for the implementation and performance of the Plan;
- h. to designate, if appropriate, the banking institution or institutions which is/are to provide services to the Company in connection with the execution and management of the Plan and to negotiate, stipulate and execute the related contracts with the banking institution or institutions thus selected, as well as any other appropriate contracts or agreements with any other entities and, as the case may be, with the beneficiaries, for the performance of the Plan, on such terms and conditions as it deems suitable;
- i. to evaluate the degree of performance of the objectives linked to the performance of the Plan and to pay it out, for which it may obtain, if necessary, advice from an independent expert; and
- j. in general, to take as many steps and execute as many documents as are necessary or appropriate for the validity, enforceability, implementation, development, performance, payment and success of the Plan.

For the purposes of clarification, it is hereby stated that the Plan thus approved will be deemed to have been resolved and granted as an acknowledgement of the managerial duties of the beneficiaries (including the executive directors of DIA or those with powers delegated by the Board of DIA, pursuant to article 39.3 of its bylaws) and its benefits are therefore independent and unconnected with the annual compensation payable to members of the Board of Directors for their position as such.



PROPOSED RESOLUTION REGARDING ITEM EIGHT ON THE AGENDA, AUTHORISATION TO THE BOARD OF DIRECTORS FOR THE ACQUISITION OF THE COMPANY'S OWN SHARES UNDER THE TERMS PROVIDED BY LAW, DEPRIVING OF EFFECT, TO THE EXTENT OF THE UNUSED AMOUNT, THE AUTHORISATION IN FORCE

It is proposed that the General Meeting expressly authorises the Board of Directors, with express power of substitution and delegation, pursuant to the provisions of section 146 of the Companies Act, to carry out the derivative acquisition of shares of the Company upon the following terms:

1. The acquisitions may be made directly by the Company or indirectly through its subsidiaries, on the same terms set forth in this resolution.
2. The acquisitions shall be made through purchase and sale, exchange, or any other transaction permitted by law.
3. The acquisitions may be made, at any time, up to the maximum amount permitted by law.
4. The acquisitions may not be made at a price greater than the listing price of the shares or lower than the par value of the shares.
5. This authorisation is granted for a maximum period of five years from the adoption of this resolution.
6. The shareholders' equity resulting from the acquisition of shares, including those that the Company or the person acting in their own name but for the account of the Company has previously acquired and holds as treasury shares, shall not be less than the amount of share capital plus the reserves that are restricted under the law or the Articles of Association all pursuant to the provisions of letter b) of section 146.1 of the Companies Act.

It is expressly stated that the shares acquired pursuant to this authorisation may be disposed of, cancelled, or allocated to the remuneration systems provided for in paragraph three of letter a) of Article 146.1 of the Companies Act (either through direct delivery, or as a result of the exercise of option rights by employees or Directors), as well as to develop programs to foster the acquisition of interests in the Company such as, for example, dividend reinvestment plans, loyalty bonuses, or similar instruments.

This resolution cancels and deprives of effect, to the extent of the unused amount, the authorisation for the derivative acquisition of the Company's own shares granted by DIA's General Meeting on 24 April 2015 as Resolution Seven.



PROPOSED RESOLUTION REGARDING ITEM NINE ON THE AGENDA, AUTHORISATION TO THE BOARD OF DIRECTORS, WITH EXPRESS POWER OF FURTHER DELEGATION, FOR A MAXIMUM TERM OF FIVE YEARS, TO ISSUE: A) ORDINARY BONDS OR DEBENTURES AND OTHER FIXED-INCOME SECURITIES (EXCEPT FOR NOTES) WITH A MAXIMUM LIMIT OF 1,500,000,000 EUROS, AND B) NOTES WITH A MAXIMUM LIMIT AT ANY TIME OF 480,000,000 EUROS, ALTHOUGH THE TOTAL DEBT AT ANY TIME REPRESENTED BY THE SECURITIES ISSUED PURSUANT TO SUB-SECTIONS (A) AND (B) ABOVE OR BY OTHER DELEGATIONS MAY NOT EXCEED AN OVERALL LIMIT OF 1,500,000,000 EUROS. AUTHORISATION FOR THE COMPANY TO GUARANTEE NEW ISSUES OF SECURITIES BY SUBSIDIARIES, WITHIN THE LIMITS SET OUT ABOVE; DEPRIVING OF EFFECT, TO THE EXTENT OF THE UNUSED AMOUNT, RESOLUTION SIX OF THE GENERAL SHAREHOLDERS' MEETING FROM 22 APRIL 2016

To delegate to the Board of Directors, as permitted by section 319 of the Regulations of the Mercantile Registry and the general provisions governing the issuance of debentures, as well as pursuant to the Articles of Association, the power to issue negotiable securities in accordance with the following terms and conditions:

1. Securities to be Issued.- The negotiable securities contemplated in this delegation may be simple bonds or debentures, notes, and other fixed-income securities and other fixed-income securities and other debt instruments of a similar nature.
2. Period of the Delegation.- The issuance of the securities covered by the delegation may be effected on one or more occasions within a maximum period of five years following the date of approval of this resolution.
3. Maximum amount under the delegation:-
 - a) The maximum net aggregate amount of the issuance(s) of ordinary bonds or debentures and other fixed-income securities (other than the notes) approved under this delegation or by other previous delegations shall be of 1,500,000,000 euros or the equivalent thereof in another currency.
 - b) The outstanding balance of the notes that are issued under this delegation may not at any time exceed the sum of 480,000,000 euros or the equivalent thereof in another currency. This limit is independent of the limit established in sub-section a) above.
 - c) In no event may the total debt at any time represented by the securities issued pursuant to sub-sections (a) and (b) above or to previous delegations exceed an overall limit of 1,500,000,000 euros.
 - d) To determine whether each of said limits has been reached, the amounts corresponding to retirements or repurchases made or occurring during the effective period thereof will be deducted from the new issues approved under this authorisation and the outstanding amounts of issuances agreed under the terms of previous delegations to the Board of Directors shall be added.
4. Scope of the Delegation.- The delegation of powers to issue the securities contemplated in this resolution shall extend, as broadly as required by law, to the establishment of the



different terms and conditions applicable to each issue (par value, issue price, redemption price, domestic or foreign currency of the issuance, form of representation, interest rate, amortisation, subordination clauses, guarantees supporting the issuance, place of issuance, applicable law, if appropriate, establishment of the internal regulations of the bondholders' syndicate and appointment of the bondholders' syndicate representative (*comisario*) in the case of the issuance of ordinary debentures or bonds, if required, admission to trading, etc.) and to the conduct of any and all formalities that may be necessary for the implementation of the specific issues approved under this delegation.

5. Admission to trading.- The Company shall, when appropriate, make application for trading of the securities issued by the Company under this authorisation on official or unofficial, organised or other, and Spanish or foreign secondary markets, and the Board of Directors shall be authorised as broadly as required by law to carry out all acts and formalities that may be required for admission to listing with the appropriate bodies of the various Spanish or foreign securities markets.

It is expressly stated for the record that if application is subsequently made for delisting, it shall be made in compliance with the same formalities as the application for listing, to the extent any such formalities are required, and in such case, the interests of the shareholders or debenture-holders opposing or not voting on the resolution shall be safeguarded as provided by applicable law. In addition, it is expressly stated that the Company undertakes to abide by stock market regulations, whether now existing or as may hereafter be issued, particularly as regards trading, continued listing, and delisting.

6. Guarantee in support of issues of securities by subsidiaries.- The Board of Directors is also authorised to guarantee on behalf of the Company, and within the limits set forth above, new issuances of securities by subsidiaries during the effective period of this resolution.
7. Power of substitution.- Pursuant to the provisions of section 249.bis.1) of the Companies Act, the Board of Directors is expressly authorised to further delegate the powers contemplated in this resolution.

Finally, it is proposed to deprive of effect Resolution Six adopted by the shareholders at the General Shareholders' Meeting of the Company held on 22 April 2016 authorising the Company's Board of Directors to issue ordinary bonds or debentures and other fixed-income securities, as well as notes.

It is stated for the record that the directors have prepared a report providing a rationale for the proposal presented herein.



PROPOSED RESOLUTION REGARDING ITEM TEN ON THE AGENDA, DELEGATION OF POWERS TO AMEND, SUPPLEMENT, EXECUTE AND IMPLEMENT THE RESOLUTIONS ADOPTED BY THE SHAREHOLDERS ACTING AT THE GENERAL MEETING, TO FORMALISE AND RECORD SUCH RESOLUTIONS, AND TO MAKE THE REQUIRED DEPOSIT OF ACCOUNTS

It is proposed to approve the delegation to the Board of Directors, on the broadest of terms, with powers to further delegate and substitute to any of its members, to the non-member Secretary of the Board of Directors and to the non-member Deputy Secretary of the Board of Directors, all of them jointly and severally, all powers as are required to interpret, execute and carry into effect the resolutions adopted at this General Meeting, including the execution of such public or private documents as may be required, the publication of any such announcements as are legally required, the registration with any registers as may be appropriate, and the performance of any such acts and procedures as may be necessary for such purpose; this includes the power to correct any defects, omissions or errors that may be found, including those noted in the verbal or written assessment by the Mercantile Registry, that might prevent the effectiveness of the resolutions, as well as making the required deposit of accounts with the Mercantile Registry.



CONSULTATIVE ITEM

PROPOSED RESOLUTION REGARDING ITEM ELEVEN ON THE AGENDA. ANNUAL DIRECTOR REMUNERATION REPORT FOR FINANCIAL YEAR 2017

In compliance with the provisions of section 541 of the Spanish Companies Act, the Board of Directors has prepared an annual report on the remuneration of the Directors for financial year 2017, which has been made available to the shareholders, and which after a favourable report from the Nomination and Remuneration Committee, is presented to the shareholders at the General Shareholders' Meeting and submitted for their consultative vote as a separate item on the Agenda.

It is therefore proposed to approve on a consultative basis the annual report on remuneration of the Directors for financial year 2017.



INFORMATIVE ITEM

PROPOSED RESOLUTION REGARDING ITEM TWELVE ON THE AGENDA. INFORMATION ON AMENDMENTS TO THE COMPANY'S BOARD OF DIRECTORS REGULATION IN ORDER TO INTRODUCE A NEW ARTICLE REFERRED TO THE STRATEGY COMMITTEE

The General Meeting, in accordance with Article 528 of the Companies Act, takes note of the inclusion of a new article of the Board of Directors Regulations as approved in the 21 February 2018 Board meeting and regarding the regulation of a Strategy Committee, under the terms of the Board of Directors' Report drawn up for this purpose and made available to shareholders as from the call of this General Meeting.