

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED PUBLIC LIMITED COMPANIES

ISSUER'S IDENTIFICATION DETAILS

DATE FINANCIAL YEAR ENDED: 12/31/2011

TAX NUMBER (C.I.F.): A-58389123

Company name: GRIFOLS, S.A.

**MODEL ANNUAL CORPORATE GOVERNANCE REPORT FOR
PUBLIC LIMITED COMPANIES**

The instructions for filling this report in given at the end of this document should be read in order to understand the model better and then draw this up properly.

A – OWNERSHIP STRUCTURE

A.1 Complete the following table on the Company's share capital:

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
12/31/2011	117,882,384.10	326,564,245	213,064,899

State whether there are different types of shares with different associated rights:

YES

Class	Number of shares	Face value per share	Unitary number of voting rights	Different rights
A	213,064,899	0.50	213,064,899	Ordinary shares.
B	113,499,346	0.10	0	1) Separate vote at a general shareholders' meeting on extraordinary matters; 2) Preference dividend; 3) Right of redemption in the event of a takeover bid; and 4) Preferential liquidation right

A.2 Give details of the direct and indirect owners of significant shareholdings and of their size at the date of closing the financial year, excluding Directors:

Personal or corporate name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
CAPITAL RESEARCH AND MANAGEMENT COMPANY	0	31,995,474	15.017
DERIA, S.A.	18,687,588	0	8.771
SCRANTON ENTERPRISES, B.V.	16,149,937	0	7.580
MR. VICTOR GRIFOLS LUCAS	0	13,112,187	6.154
AMERICAN FUNDS INSURANCE SERIES GROWTH FUND (VIG)	6,400,370	0	3.004

Personal or corporate name of the indirect owner of the holding	Held through: Personal or corporate name of the direct owner of the holding	Number of direct voting rights	% of total voting rights
CAPITAL RESEARCH AND MANAGEMENT COMPANY	AMERICAN FUNDS INSURANCE SERIES GROWTH FUND (VIG)	6,769,066	3.177
CAPITAL RESEARCH AND MANAGEMENT COMPANY	OTHER COLLECTIVE INVESTMENT INSTITUTIONS MANAGED	14,584,280	6.845
MR. VICTOR GRIFOLS LUCAS	RODELLAR AMSTERDAM B.V.	13,112,187	6.154

State the most significant changes in the shareholding structure during the financial year:

Personal or corporate name of the shareholder	Date of the operation	Description of the operation
BLACKROCK, INC.	08/04/2011	Dropped below 3% of the share capital
BLACKROCK, INC.	07/07/2011	3% of the share capital was exceeded

A.3 Complete the following tables on the members of the Company's Board of Directors with voting rights from Company shares:

Personal or corporate name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MR. VICTOR GRIFOLS ROURA	440,450	0	0.207
MS. ANNA VEIGA LLUCH	100	0	0.000
MR. EDGAR DALZELL JANNOTTA	254,127	0	0.119
MR. JUAN IGNACIO TWOSE ROURA	119,274	0	0.056
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	100	0	0.000
MR. RAMON RIERA ROCA	169,085	8,000	0.083
MR. THOMAS GLANZMANN	18,561	65,000	0.039
THORTHOL HOLDINGS, B.V.	15,042,766	0	7.060
MR. TOMAS DAGA GELABERT	51,898	0	0.024

Personal or corporate name of the indirect owner of the holding	Held through: Personal or corporate name of the direct owner of the holding	Number of direct voting rights	% of total voting rights
MR. THOMAS GLANZMANN	KOLHOLMEN INVESTMENT AB	53,000	0.025
MR. THOMAS GLANZMANN	GLANZMANN ENTERPRISES GMBH	12,000	0.006
MR. RAMON RIERA ROCA	MS. LAURA RIERA SANTOS	8,000	0.004

% total number of voting rights belonging to the Board of Directors	7.589
--	--------------

Complete the following tables on the members of the Company's Board of Directors holding rights over Company shares:

A.4 Describe, where applicable, any family, commercial, contractual or corporate relations that may exist between the owners of significant shareholdings, to the extent that these are known to the Company, unless they are not highly relevant or stem from ordinary business operations:

Type of relationship:

Family

Short description:

Mr. Víctor Grifols Lucas is the father of the partners of Deria, S.A. and uncle of the shareholders of Thorthol Holdings B.V.

Personal or corporate name connected
THORTHOL HOLDINGS, B.V.
MR. VICTOR GRIFOLS LUCAS
DERIA, S.A.

A.5 Describe, where applicable, any commercial, contractual or corporate relations existing between the owners of significant shareholdings and the Company and/or its Group, unless they are not highly relevant or stem from ordinary business operations:

Type of relationship:

Contractual

Short description:

Mr. Víctor Grifols Lucas is a partner of Marca Grifols, S.L., which is paid a fee for use of the Grifols trademark

Personal or corporate name connected
MR. VICTOR GRIFOLS LUCAS

Type of relationship:

Contractual

Short description:

The shareholders of Thorthol Holdings B.V. (Grifols Gras family) are partners of Marca Grifols, S.L which is paid a fee for use of the Grifols trademark

Personal or corporate name connected
THORTHOL HOLDINGS, B.V.

A.6 State whether the Company has been informed of any shareholders' agreements affecting this pursuant to art. 112 of the Spanish Securities Market Law (LMV). Where applicable, describe these briefly and list the shareholders bound by any such agreement:

NO

State whether the Company is aware of the existence of any concerted actions arranged by its shareholders. Where applicable, give a short description of these:

NO

In the event of there having been any amendments to or termination of said stipulations or agreements or concerted actions, expressly state this:

A.7 State whether there is any natural or legal person now exercising or who could exercise control over the Company pursuant to article 4 of the Spanish Securities Market Law. Where applicable, identify this person:

NO

A.8 Complete the following tables on the Company's treasury stock:

At the date of closing the financial year:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
174,158	0	0.068

(*) Through:

Total	0
-------	---

Give details of any significant variations taking place during the financial year, in accordance with what is laid down in Royal Decree 1362/2007:

Capital gain/(loss) of the Company's treasury stock disposed of during the period (thousand euros)	0
--	---

A.9 Give details of the conditions and period of the current mandate given by the Meeting to the Board of Directors to acquire or transfer the Company's treasury stock.

At the Extraordinary General Meeting of 25th January 2011, among other points, it was agreed to authorize the Company's Board of Directors to acquire its own stock or subscription rights, by means of purchase, exchange, attribution account payment or any other form envisaged in the Law, either directly or through its subsidiaries, within the limits and with the requisites to be announced below:

- (i) That, insofar as there are Class B Shares, the acquisition should be performed pro rata between Class A Shares and the Class B Shares, at the same price and under identical terms and conditions;
- (ii) For the face value of the shares acquired, added to the ones already owned by the Company or its Subsidiary companies, not to exceed 10% of the Company's share capital at any time.
- (iii) For the acquisition, including any shares that the Company, or person acting in their own name but on the Company's behalf, had previously acquired and had in its portfolio, not to make the net worth work out lower than the amount of the share capital plus the legally or statutorily non-disposable reserves.
- (iv) For the shares acquired to be paid up in full.
- (v) The maximum acquisition price will be the listed price for the Class A shares at the stock exchange session on the day the acquisition is made or, where applicable, the one authorized by the Spanish Stock Exchange Commission. The minimum price will be 100% of the face value of each Class A share.
- (vi) This authorization is granted for at most five years.
- (vii) The shares acquired may be intended to be given to the workers or managers of the Group, either directly or as a result of exercising any option rights to which they may be entitled.

It was also agreed to revoke and make invalid in all its terms the previous authorization for acquisition of the Company treasury stock granted by the General Shareholders' Meeting of 21st June 2010.

A.10 State, where applicable, any legal and statutory restrictions to exercising voting rights, as well as any legal restrictions on acquisition or transfer of holdings in the share capital. State whether there are any legal restrictions to exercising voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise by legal restriction	0
--	---

State whether there are any statutory restrictions to exercising voting rights:

NO

Maximum percentage of voting rights that a shareholder may exercise through statutory restriction	0
--	---

State whether there are any legal restrictions to the acquisition or transfer of holdings in the share capital:

NO

A.11 State whether the General Shareholders' Meeting has agreed to adopt any neutralization measures against a public takeover bid pursuant to the provisions of Law 6/2007.

NO

Where applicable, explain the approved measures and the terms under which the restrictions would become ineffective:

B – STRUCTURE OF THE COMPANY'S ADMINISTRATION

B.1 Board of Directors

B.1.1 Give details of the maximum and minimum number of Directors envisaged in the corporate articles:

Maximum number of Directors	15
Minimum number of Directors	3

B.1.2 Complete the following table with the members of the Board of Directors:

Personal or corporate name of Director	Representative	Post on the Board	Date 1st appointment	Date last appointment	Election procedure
MR. VICTOR GRIFOLS ROURA	--	CHAIRMAN AND CEO	07/08/1991	06/20/2007	VOTING AT SHAREHOLDERS'

Personal or corporate name of Director	Representative	Post on the Board	Date 1st appointment	Date last appointment	Election procedure
					MEETING
MS. ANNA VEIGA LLUCH	--	DIRECTOR	12/09/2008	06/21/2010	VOTING AT SHAREHOLDERS' MEETING
MR. EDGAR DALZELL JANNOTTA	--	DIRECTOR	12/19/2006	06/21/2010	VOTING AT SHAREHOLDERS' MEETING
MR. JUAN IGNACIO TWOSE ROURA	--	DIRECTOR	04/13/2000	06/20/2007	VOTING AT SHAREHOLDERS' MEETING
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	--	DIRECTOR	05/24/2011	05/24/2011	VOTING AT SHAREHOLDERS' MEETING
MR. RAMON RIERA ROCA	--	DIRECTOR	04/13/2000	06/20/2007	VOTING AT SHAREHOLDERS' MEETING
MR. STEVEN MAYER	--	DIRECTOR	01/25/2011	01/25/2011	VOTING AT SHAREHOLDERS' MEETING
MR. THOMAS GLANZMANN	--	DIRECTOR	04/05/2006	04/05/2006	VOTING AT SHAREHOLDERS' MEETING
THORTHOL HOLDINGS, B.V.	MR. JOSÉ ANTONIO GRIFOLS GRAS	DIRECTOR	01/20/2000	06/20/2007	VOTING AT SHAREHOLDERS' MEETING
MR. TOMAS DAGA GELABERT	--	DIRECTOR	04/13/2000	06/21/2010	VOTING AT SHAREHOLDERS' MEETING
MR. W. BRETT INGERSOLL	--	DIRECTOR	01/25/2011	01/25/2011	VOTING AT SHAREHOLDERS' MEETING

Total number of Directors	11
----------------------------------	----

State any members leaving the Board of Directors during the period:

B.1.3 Complete the following tables on the members of the Board and their different types:

EXECUTIVE DIRECTORS

Personal or corporate name of the Director	Committee proposing their appointment	Post held on the Company's organization chart
MR. VICTOR GRIFOLS ROURA	NOMINATING AND REMUNERATION COMMITTEE	CHAIRMAN AND CEO
MR. JUAN IGNACIO TWOSE ROURA	NOMINATING AND REMUNERATION COMMITTEE	VICE-PRESIDENT OF PRODUCTION
MR. RAMON RIERA ROCA	NOMINATING AND REMUNERATION COMMITTEE	VICE-PRESIDENT OF MARKETING AND SALES

Total number of executive Directors	3
Total % of the Board	27.273

EXTERNAL PROPRIETARY DIRECTORS

Personal or corporate name of the Director	Committee proposing their appointment	Personal or corporate name of the significant shareholder whom they represent or who proposed their appointment
THORTHOL HOLDINGS, B.V.	NOMINATING AND REMUNERATION COMMITTEE	THORTHOL HOLDINGS, B.V.

Total number of proprietary Directors	1
Total % of the Board	9.091

INDEPENDENT EXTERNAL DIRECTORS

Personal or corporate name of the Director

MS. ANNA VEIGA LLUCH

Profile

Graduate in Biology and Ph. D in Biology (Cum Laude) at Barcelona Autonomous University. Specialist in Human Assisted Reproduction at the Official Biologists' Association and the Association for Study of Reproductive Biology (2001). She is Senior Clinical Embryologist Certification of the European Society for Human Reproduction and Embryology (2008). She has been Director of the Biology Section of the Reproductive Medicine Service of the Dexeus University Institute (1982-2004). Coordinator of the Master in Reproductive Biology and ART of the Reproductive Medicine Service of the Dexeus University Institute and of the Cellular Biology and Physiology Department of Barcelona Autonomous University since 1998. She has been coordinator of the Special Interest Group in Stem Cells of the European Society for Human Reproduction and Embryology (2005-2008) and Scientific Coordinator of the European Project European Human Embryonic Stem Cell Registry (2002-2010). She was also a founder and president of the Spanish Association for Study of Reproduction Biology (ASEBIR) (1993-2003), member of Alpha Scientists in Reproductive Medicine Executive Committee (1998-2002). Since 2004 she has been a member of the Commission for Bioethics in Biomedical Research of the Health Department of Catalonia Government (*Generalitat*), a member of Catalonia Bioethics Consultancy Committee and member of the Advisory Board of the Health Department of Catalonia Government. Also External Advisor in Assisted Reproduction of the European Commission. Since 2005 she has been a member of the Executive Committee of the European Assisted Conception Consortium (EACC) and, since 2008, a member of the International Committee of the International Society for Stem Cell Research (ISSCR). She has also been a member of the Executive Committee of the European Society for Human Reproduction and Embryology. She is a member of the boards of the Fundación IrsiCaixa, of the Banc de Sang i Teixits and of the Círculo de Economía. She has been given many awards and recognitions such as the Catalonia Government's Creu de Sant Jordi (2004), the Medalla Narcís Monturiol for Scientific and Technological Merit of the Department of Universities, Research and Information Societies (2005), Amics dels Amics award of Barcelona Autonomous University, Catalonia Government's National Scientific Culture Award (2006) and Esteve Bassols Senyora Award of Barcelona (2007).

Personal or corporate name of the Director

MR. EDGAR DALZELL JANNOTTA

Profile

In March 2001 he was appointed Chairman of William Blair Company L.L.C. and President of that Company's Executive Committee. He joined William Blair, an international investment bank, in 1959, he was appointed partner in 1965, and was a managing partner from 1977 to 1995. Before being appointed managing partner, he worked in the corporate finance department, in investment banking transactions and private equity. He was President of the Securities Industry Association (1982) and a board member of New York Stock Exchange Inc. He is a board member of Aon Corporation, Commonwealth Edison Company, Molex Incorporated and Sloan Valve Company. He is a graduate from Princeton University and has an MBA from Harvard Business School.

Personal or corporate name of the Director

MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA

Profile

He is a managing director of Morgan Stanley España, country head for Spain, and board member of Madrid Stock Exchange. Mr. Isasi joined Morgan Stanley, in London, in 1987. He had previously acted as executive director of First Chicago Ltd. in London and worked before that at the Latin American

Department of Morgan Guaranty Trust Co. in New York. Mr. Isasi started his professional career at Abengoa, in Seville, in 1977.

Mr. Isasi is a graduate in Economic and Business Sciences from Seville University and in 1982 obtained a Master's Degree in Business Administration at the University of Columbia in New York

Total number of independent Directors	3
Total % of the Board	27.273

OTHER EXTERNAL DIRECTORS

Personal or corporate name of the Director	Committee proposing their appointment
MR. STEVEN MAYER	NOMINATING AND REMUNERATION COMMITTEE
MR. THOMAS GLANZMANN	NOMINATING AND REMUNERATION COMMITTEE
MR. TOMAS DAGA GELABERT	NOMINATING AND REMUNERATION COMMITTEE
MR. W. BRETT INGERSOLL	NOMINATING AND REMUNERATION COMMITTEE

Total number of other external Directors	4
Total % of the Board	36.364

Give the reasons why these cannot be considered proprietary or independent and their connections, either with the Company, its Directors, or its shareholders.

Personal or corporate name of Director

MR. TOMAS DAGA GELABERT

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

His relationship does not match the current definitions of executive Director, proprietary or independent Board member. He is a partner of the Osborne Clarke practice, which renders legal and tax services to the Group.

Personal or corporate name of Director

MR. THOMAS GLANZMANN

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

His relationship does not match the current definitions of executive Director, proprietary or independent Board member. He is the majority partner at Glanzmann Enterprises GmbH, a company which has been rendering advisory services to the Group since 2011.

Personal or corporate name of Director

MR. STEVEN MAYER

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

On the occasion of the agreement for purchasing Talecris Biotherapeutics Holdings Corp., the majority partners of the Company agreed to vote in favor of the General Meeting agreements required to close the operation. One of these agreements covered the appointment of Mr. W. Brett Ingersoll and Mr. Steven Mayer, board members of Cerberus (majority shareholder of Talecris), although the agreement did not lay down any obligation as regards their remaining as members of the Board of Directors of the Company. In fact, under NASDAQ regulations, both board members have independent status.

Personal or corporate name of Director

MR. W. BRETT INGERSOLL

Company, Director or shareholder with whom there is a connection

GRIFOLS, S.A.

Grounds

On the occasion of the agreement for purchasing Talecris Biotherapeutics Holdings Corp., the majority partners of the Company agreed to vote in favor of the General Meeting agreements required to close the operation. One of these agreements covered the appointment of Mr. W. Brett Ingersoll and Mr. Steven Mayer, board members of Cerberus (majority shareholder of Talecris), although the agreement did not lay down any obligation as regards their remaining as members of the Board of Directors of the Company. In fact, under NASDAQ regulations, both board members have independent status.

Detail any changes which may, where applicable, have taken place in the classification of Directors during the period:

Personal or corporate name of Director	Change date	Previous status	Current status
MR. THOMAS GLANZMANN	06/03/2011	INDEPENDENT	OTHER EXTERNAL

B.1.4 Explain, where applicable, the reasons why proprietary Directors have been appointed at the request of shareholders whose shareholding is under 5% of the capital.

State whether there has been any failure to address formal requests for representation on the Board made by shareholders whose stake is equal to or over that of others at whose request proprietary shareholders had been appointed. If applicable, explain the reasons why these requests were not accepted.

NO

B.1.5 State whether any Board member had left their post prior to the expiry of their term of office, whether such a person has explained their reasons to the Board and through what channels, and, in the event of having done so in writing to the whole Board, explain below at least the reasons which this person gave:

NO

B.1.6 State, where applicable, the powers that have been vested in the CEOs:

Personal or corporate name of Director

MR. VICTOR GRIFOLS ROURA

Short description

All legally and statutorily conferrable powers

B.1.7 Identify, where applicable, any Board members holding administrative or executive posts in other companies forming a part of the Group of the Company listed:

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. VICTOR GRIFOLS ROURA	ARRAHONA OPTIMUS. S.L	CHAIRMAN AND CEO
MR. VICTOR GRIFOLS ROURA	BIOMAT USA INC	DIRECTOR
MR. VICTOR GRIFOLS ROURA	BIOMAT. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	DIAGNOSTIC GRIFOLS. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRI-CEL. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRIFOLS ENGINEERING. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRIFOLS INC.	DIRECTOR
MR. VICTOR GRIFOLS ROURA	GRIFOLS INTERNATIONAL. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	GRIFOLS VIAJES. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	INSTITUTO GRIFOLS. S.A.	CHAIRMAN AND CEO
MR. VICTOR GRIFOLS ROURA	LABORATORIOS GRIFOLS. S.A.	MANAGER

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. VICTOR GRIFOLS ROURA	LOGISTER. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	MOVACO. S.A.	MANAGER
MR. VICTOR GRIFOLS ROURA	PLASMACARE INC.	DIRECTOR
MR. EDGAR DALZELL JANNOTTA	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	ARRAHONA OPTIMUS. S.L	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	BIOMAT USA INC	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	GRIFOLS COLOMBIA. LTDA.	ALTERNATE BOARD MEMBER
MR. JUAN IGNACIO TWOSE ROURA	GRIFOLS ENGINEERING. S.A.	MANAGER
MR. JUAN IGNACIO TWOSE ROURA	GRIFOLS INC.	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. JUAN IGNACIO TWOSE ROURA	PLASMACARE INC.	DIRECTOR
MR. RAMON RIERA ROCA	ACN 073 272 830 PTY LTD.	Director
MR. RAMON RIERA ROCA	ALPHA THERAPEUTIC ITALIA S.P.A.	CHAIRMAN
MR. RAMON RIERA ROCA	BIOMAT USA INC	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS (THAILAND) LTD	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS ARGENTINA. S.A.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS ASIA PACIFIC PTE LTD	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS AUSTRALIA PTY LTD.	Director
MR. RAMON RIERA ROCA	GRIFOLS BRASIL LTDA	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS CHILE. S.A.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS DEUTSCHLAND GMBH	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS FRANCE S.A.R.L.	CO- MANAGER
MR. RAMON RIERA ROCA	GRIFOLS INC.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS INTERNATIONAL. S.A.	MANAGER

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. RAMON RIERA ROCA	GRIFOLS ITALIA. S.P.A.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS MALAYSIA SDN BHD	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS MEXICO S.A. DE C.V.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS NORDIC AB	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS POLSKA S.P.Z.O.O.	CHAIRMAN
MR. RAMON RIERA ROCA	GRIFOLS PORTUGAL PRODUCTOS FARMACEUTICOS E HOSPITALARES LDA.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS S.R.O.	DIRECTOR
MR. RAMON RIERA ROCA	GRIFOLS UK. LTD.	DIRECTOR
MR. RAMON RIERA ROCA	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. RAMON RIERA ROCA	LOGÍSTICA GRIFOLS. S.A. DE C.V.	CHAIRMAN
MR. RAMON RIERA ROCA	MEDION GMBH	DIRECTOR
MR. RAMON RIERA ROCA	MEDION GRIFOLS AG	DIRECTOR
MR. RAMON RIERA ROCA	PLASMACARE INC.	DIRECTOR
MR. RAMON RIERA ROCA	SATURN AUSTRALIA PTY LTD	DIRECTOR
MR. RAMON RIERA ROCA	SATURN INVESTMENTS AG	DIRECTOR
MR. RAMON RIERA ROCA	WOOLLOOMOOLOO PTY LTD	DIRECTOR
MR. THOMAS GLANZMANN	GRIFOLS INC.	CHAIRMAN
MR. THOMAS GLANZMANN	INSTITUTO GRIFOLS. S.A.	DIRECTOR
MR. TOMAS DAGA GELABERT	ACN 073 272 830 PTY LTD.	Director
MR. TOMAS DAGA GELABERT	ARRAHONA OPTIMUS. S.L	DIRECTOR
MR. TOMAS DAGA GELABERT	BIOMAT USA INC	DIRECTOR
MR. TOMAS DAGA GELABERT	DIAMED AUSTRALIA PTY LTD	DIRECTOR
MR. TOMAS DAGA GELABERT	GRIFOLS AUSTRALIA PTY LTD.	Director
MR. TOMAS DAGA GELABERT	GRIFOLS INC.	DIRECTOR
MR. TOMAS DAGA GELABERT	MEDION GMBH	DIRECTOR

Personal or corporate name of Director	Corporate name of the entity in the Group	Position
MR. TOMAS DAGA GELABERT	MEDION GRIFOLS AG	CHAIRMAN
MR. TOMAS DAGA GELABERT	PLASMA COLLECTION CENTER INC	DIRECTOR
MR. TOMAS DAGA GELABERT	PLASMACARE INC.	DIRECTOR
MR. TOMAS DAGA GELABERT	SATURN AUSTRALIA PTY LTD	DIRECTOR
MR. TOMAS DAGA GELABERT	SATURN INVESTMENTS AG	DIRECTOR
MR. TOMAS DAGA GELABERT	WOOLLOOMOOLOO PTY LTD	DIRECTOR

B.1.8 Detail, where applicable, the Directors of your Company who are also on the Board of Directors of other companies listed on official securities markets in Spain other than your Group, which have been made known to the Company:

B.1.9 State and where applicable explain whether the Company has established rules on the number of boards on which its own Directors may sit:

NO

B.1.10 As regards recommendation number 8 of the Unified Code, state the policies and general strategies of the Company that must be approved by plenary session of the Board of Directors:

The investments and financing policy	YES
The definition of the structure of the Company Group	YES
The corporate governance policy	YES
The corporate social responsibility policy	YES
The strategic or business plan, as well as the management targets and annual budget	YES
The remuneration and performance assessment policy for senior management	YES
The risk control and management policy, as well as the regular monitoring of the internal information and control systems	YES
The Company's dividends and treasury stock policy and in particular its limits	NO

B.1.11 Complete the following tables as regards the aggregate remuneration of the Directors accrued during the financial year:

a) In the Company covered by this report:

Remuneration type	Data in thousand euros
Fixed remuneration	1,825
Variable remuneration	597
Allowances	0
Statutory benefits	0
Stock options and/or other financial instruments	0
Others	0

Total	2,422
--------------	--------------

Other benefits	Data in thousand euros
Advance payments	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations acquired	0
Life insurance premiums	0
Guarantees created by the Company in favor of Directors	0

b) Payable through the Company's Directors belonging to other boards of Directors and/or to the senior management of companies in the Group:

Remuneration type	Data in thousand euros
Fixed remuneration	74
Variable remuneration	22
Allowances	0
Statutory benefits	0
Stock options and/or other financial instruments	0
Others	0

Total	96
--------------	----

Other benefits	Data in thousand euros
Advance payments	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations acquired	0
Life insurance premiums	0
Guarantees created by the Company in favor of Directors	0

c) Total remuneration by type of Director:

Type of Director	By Company	By Group
Executives	2,242	96
External, proprietary	0	0
External, independent	180	0
Other external	0	0

Total	2,422	96
--------------	-------	----

d) In respect of the profit assigned to the parent Company

Total remuneration of Directors (in thousand euros)	2,518
Total remuneration of Directors/profit attributed to the parent society (stated as a %)	5.0

B.1.12 Identify any members of senior management who are not at the same time executive Directors, and state the total remuneration payable to them over the financial year:

Personal or corporate name	Position
MR. ALFREDO ARROYO GUERRA	VICE-PRESIDENT ADMINISTRATION AND FINANCE
MS. NURIA PASCUAL LAPEÑA	DIRECTOR OF SHAREHOLDER AND INVESTOR RELATIONS
MR. ALBERT GRIFOLS ROURA	CHIEF EXECUTIVE OFFICER OF LABORATORIOS GRIFOLS, S.A.
MR. JAVIER JORBA RIBES	CHIEF EXECUTIVE OFFICER OF INSTITUTO GRIFOLS, S.A.
MR. VICENTE BLANQUER TORRE	CHIEF TECHNOLOGY OFFICER
MS. EVA BASTIDA TUBAU	CHIEF SCIENTIFIC OFFICER
MR. ANTONIO VIÑES PARES	DIRECTOR OF PLANNING AND CONTROL
MR. MATEO BORRAS HUMBERT	DIRECTOR OF HUMAN RESOURCES
MR. CARLOS ROURA FERNANDEZ	DEPUTY INDUSTRIAL VICE-PRESIDENT
MS. MONTSERRAT LLOVERAS CALVO	CHIEF ADMINISTRATIVE OFFICER AND CONTROLLER
MR. DAVID BELL	VICE-PRESIDENT OF CORPORATE OPERATIONS AND DEVELOPMENT

Personal or corporate name	Position
	OF GRIFOLS INC. AND U.S. SUBSIDIARIES
MR. GREGORY GENE RICH	CHAIRMAN OF GRIFOLS INC AND U.S. SUBSIDIARIES
MR. JOEL ABELSON	CHAIRMAN OF NORTH AMERICA COMMERCIAL DIVISION -GRIFOLS INC.
MS. MARY KUHN	CHAIRMAN OF MANUFACTURING OPERATIONS - GRIFOLS INC.
MR. SHINJI WADA	CHAIRMAN OF PLASMA CENTERS - GRIFOLS INC.

Total remuneration of top management (in thousand euros)	5,718
---	-------

B.1.13 Specify on aggregate if there are guarantee or “golden parachute” protection clauses for members of senior management, including executive Directors of the Company or its Group, in the event of dismissal or changes in control. State whether these contracts have to be made known to and/or approved by the corporate or Group governing bodies:

Number of beneficiaries	5
--------------------------------	---

	Board of Directors	General Meeting
Body authorizing the clauses	YES	NO

Is the General Meeting informed about the clauses?	NO
---	----

B.1.14 Describe the process for establishing the compensation of the members of the Board of Directors and the relevant statutory provisions in the articles about this.

Process for establishing the compensation of the members of the Board of Directors and statutory clauses
Corporate Articles:

Process for establishing the compensation of the members of the Board of Directors and statutory clauses

Article 20.- Composition and remuneration of the Board of Directors.- (...) The post of Director will be paid. For this purpose, the General Meeting will establish each year or for the financial years that the Meeting itself may decide, a set amount as remuneration for the Board of Directors, which will distribute this among its members, by means of an agreement, depending on their dedication to the Company's business.

Regardless of the above, the Directors shall be entitled to refunding for any expenses that they have to make as a result of performing their duties.

Regulations of the Board of Directors:

Chapter VIII Remuneration of the Director

Article 26. Remuneration of the Director

1. A Director shall be entitled to obtain the remuneration set by the Board of Directors in accordance with statutory provisions and in accordance with the guidance of the Nominating and Remuneration Committee.
2. The Board shall ensure that Directors' remuneration is moderate in accordance with market requirements.
3. The remuneration policy passed by the Board shall attempt to give guidelines on the following issues:
 - (a) The amount, by types of Directors, of the fixed components, breaking down, where applicable, the allowances for taking part on the Board and its Committees, and an estimation of the annual fixed remuneration to which this gives rise.
 - (b) Variable remuneration items, specifically including:
 - i. Types of Directors to whom this applies, as well as an explanation of the relative importance of variable remuneration items in respect of the fixed ones;
 - ii. Criteria for assessment of results used as the basis for any entitlement to remuneration by shares, stock options or any other variable component;
 - iii. Fundamental parameters and foundation of any annual bonus system or of other benefits not paid in cash; and
 - iv. An estimation of the absolute amount of variable remuneration which will be entailed by the proposed remuneration plan, in accordance with the degree of fulfillment of the hypotheses or objectives taken as a reference.
 - (c) Main characteristics of the welfare systems (e.g. complementary pensions, life insurance and similar items) with an estimation of their amount or equivalent annual cost.
 - (d) The conditions to apply to contracts of senior management such as executive Directors, these to include:
 - i. Duration;
 - ii. Advance notice periods; and
 - iii. Any other clauses as regards engagement bonuses, as well as compensation or "golden parachutes" for early

Process for establishing the compensation of the members of the Board of Directors and statutory clauses

cancellation or termination of the contractual relationship between the Company and the executive Director.

4. Any remuneration associated with the Company's results shall take into account any possible reservations made in the external auditor's report which reduce said results.

5. Variable remuneration policies shall incorporate the technical cautions required to ensure that such remuneration bears relation to the professional performance of their beneficiaries and do not simply stem from the general evolution of the markets or the Company's business sector or from other similar circumstances.

Article 27. Remuneration of the external Director

The Board of Directors, with the advice of the Nominating and Remuneration Committee, shall pass any measures in its power to ensure that the remuneration of external Directors is in accordance with the following directive:

(a) External Directors must be paid according to their dedication, qualification and effective responsibility;

(b) External Directors must be excluded from any remuneration systems based on giving shares of the Company or of Group companies, from stock options or financial instruments referenced to the value of the share, based on variable remuneration linked to the Company's performance or on benefits systems;

This directive shall not, nevertheless, affect giving shares, when this is conditional upon Directors keeping them until ceasing to be a Director;

(c) The amount of external Directors' remuneration must be calculated in such a way as to offer incentives for their dedication, but which does not constitute an obstacle for independence.

State whether the Board has kept for itself the passing of the following decisions at a plenary session.

At the proposal of the Company's chief executive, the appointment and possible dismissal of senior management, as well as their compensation clauses	YES
The remuneration of Directors, and, in the case of executive Directors, any additional remuneration for their executive functions and other conditions that must be met in their contracts	YES

B.1.15 State whether the Board of Directors approves a detailed remuneration policy and explain the matters covered in this:

YES

Amount of fixed components, with a breakdown, where applicable, of any allowances for participation on the Board and its Committees and an estimation of the annual fixed	YES
--	-----

remuneration to which these give rise	
Variable remuneration items	YES
Main characteristics of the benefits system, with an estimation of their annual amount or equivalent cost	YES
Conditions that must be met by the contracts of persons performing senior management functions as executive Directors	YES

B.1.16 State whether the Board submits a report on the remuneration policy of its Directors to the advisory vote of the General Shareholders' Meeting, as a separate item on the agenda. If so, explain any aspects of the report as regards the remuneration policy as approved by the Board for future years, the most significant changes in such policies compared to the one applied during the financial year and an overall summary of how the remuneration policy was applied over the financial year in question. Give details of the role played by the Remuneration Committee and, if external consultancy was made use of, the identity of the external consultants who provided this:

NO

Has external consultancy been used?	
-------------------------------------	--

Identity of external consultants

B.1.17 State, where applicable, the identity of the Directors who are also members of the Board of Directors, managers or employees of companies that own significant shareholdings in the listed Company and/or in entities belonging to the business Group:

Give details, where applicable, of any relevant relations other than the ones covered in the previous point between members of the Board of Directors and significant shareholders and/or Group entities:

B.1.18 State whether any amendments were made to the Regulations of the Board during the financial year:

YES

Description of amendmends
In order to adapt the Regulations of the Board of Directors to the regulatory norms of the National Association of Securities Dealers Automated Quotation (NASDAQ), and after obtaining a favorable report from the Audit Committee, the Board of Directors agreed to modify articles 14 and 15 of the aforementioned Regulations, which then read as follows: Article 14. The Audit Committee

Description of amendments

1. The Audit Committee will be made up of a number of from three (3) to five (5) Directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the Directors as regards accounting, auditing and management or risks and the tasks of the Committee.

2. The Audit Committee shall, in any event, be made up of a majority of external Directors, with an appropriate presence of independent Directors. An attempt will also be made to ensure that all the members of the Audit Committee, including its President, have the independence, experience and any other requisite established by the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers Automated Quotation (NASDAQ).

3. The Board of Directors shall appoint the Chairman of the Audit Committee, a post which shall necessarily have to be filled by an external Director, and, where possible, an independent Director. The Chairman of the Committee shall have to be replaced every four (4) years, being able to be reelected after a period of one (1) year from his/her dismissal has elapsed.

4. The Board of Directors will appoint the Secretary of the Audit Committee, who could be (a) one of the members of said Audit Committee (in this case, being a Secretary member of the Audit Committee), (b) any other member of the Company's Board of Directors not a member of the Audit Committee (in this case, being a Secretary non-member of the Audit Committee), or (c) the Secretary or a Vice-Secretary of the Company's Board of Directors (being a Secretary non-member of the Audit Committee in this case). The Secretary shall make a record of the agreements adopted at each session of the Committee and inform the plenary session of the Board of Directors through its Chairman. In the event of any tie in the voting, the Chairman of the Committee shall have the casting vote.

5. With no prejudice to what is established in the Law, the Corporate Articles, or other tasks assigned to it by the Board of Directors, the Audit Committee shall have the following basic responsibilities:

(a) In respect of the General Shareholders' Meeting:

(i) To inform the General Meeting of the matters brought up in this body on matters within its competence.

(b) In respect of the Board of Directors:

(i) To inform the Board beforehand on the regular financial information that the Company periodically has to publish, through its status as a listed organization; in this respect, the Committee shall ensure that the interim accounts are drawn up with the same accounting criteria as the annual ones and to this end shall consider the suitability of a limited review by the external auditor;

(ii) To inform beforehand on the creation or acquisition of stock in concerns with a special purpose or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency;

(iii) To inform beforehand on related party operations;

(iv) To inform of any matter which has or could have any material financial or accounting impact.

(c) As regards information and internal control systems:

(i) To supervise the preparation process and the integrity of the financial information on the Company and, where

Description of amendmends

applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria;

(ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known;

(iii) To ensure the independence and efficiency of the internal audit function; to propose the selection, appointment, reappointment and removal of the Head of the Internal Audit Department; to propose the budget for such Department; to receive regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and to check that the senior management takes the conclusions and recommendations of its reports into account;

(iv) To establish and supervise procedures for reception, retention and treatment of any complaints received by the Company in respect of accountancy, internal controls and auditing matters, as well as anonymous and confidential contributions made by employees on questionable auditing and accounting matters.

(d) As regards the external auditor:

(i) To have exclusive authority to propose the appointment, contracting and replacement of the external auditor to the Board of Directors, with no detriment to the competences granted by Spanish legislation to the General Meeting and the Board itself as regards the approval of those decisions;

(ii) To be directly responsible for the fees and supervision of the work done by the external auditor as regards the preparation or issue of auditing reports, or similar, on financial statements;

(iii) To regularly receive information directly from the external auditor on the progress, incidents and execution of auditing, as well as on the auditing plan and the results of its implementation and to make sure that senior management is acting on its recommendations.

(iv) To ensure the independence of the external auditor, and for this purpose:

. For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoin a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content;

. For the Company and the auditor to ensure respect for current legislation on rendering services other than auditing, the limits to concentration of the auditor's business and in general the other rules laid down for ensuring auditors' independence;

. In the event of the external auditor resigning, to examine the circumstances which had given rise to this.

(v) To promote the Group auditor's assuming responsibility for the audits of the companies forming part of the Group.

(e) As regards the external consultants:

(i) In order to be assisted in the practice of their functions, request legal, accounting, financial or other experts to be taken on, at the Company's expense.

(f) As regards internal rules of conduct:

Description of amendmends

(i) To monitor compliance of the Internal Regulations on Conduct in issues connected with the Securities Markets, of these Regulations, of the norms of conduct laid down in the "Ethical Code for Grifols Group Management" and in the "Code of Conduct for Grifols' Employees" and, in general, of any other internal rules for governance of the Company, as well as making the proposals required for improving these.

6. The Audit Committee shall meet as often as necessary for performing its work properly.

7. Any member of the management team or the staff of the Company whose presence were required by the Chairman shall be obliged to attend the Committee sessions, and to give cooperation and access to any information available to them. The Chairman may require them to appear in the absence of any other Director. The Chairman of the Committee may require attendance of Auditors at its sessions.

8. To perform its functions better, the Audit Committee may seek consultancy from external professionals at the Company's expense. For the sake of avoiding any doubt, the requisites and limitations envisaged in article 25 of these Regulations will not apply.

9. The Company will provide the appropriate funding, in accordance with the indications of the Audit Committee, to pay the fees of external auditors and of any advisor contracted by the Audit Committee, as well as any ordinary administrative expense incurred by the Audit Committee in the performance of its functions.

10. At the first plenary session of the Board after its meetings, the Audit Committee shall report on its work and answer for the work done. All the members of the Board shall be given a copy of the minutes of the Audit Committee's sessions.

Article 15. The Nominating and Remuneration Committee

1. The Nominating and Remuneration Committee shall assess the profile of the most appropriate persons for forming part of the different Committees and pass the relevant proposals on to the Board.

2. The Nominating and Remuneration Committee shall be made up of a number of from three (3) to five (5) Directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the Directors and the purposes of the Committee. The Nominating and Remuneration Committee shall in any event be made up of a majority of external Directors.

3. The Board of Directors shall appoint the Chairman of the Nominating and Remuneration Committee. The post of Chairman shall necessarily be given to an external Director and, insofar as this is possible, to an independent one.

4. The Board of Directors shall appoint the Secretary of the Nominating and Remuneration Committee, who could be (a) one of the members of said Nominating and Remuneration Committee (being a Secretary member of the Nominating and Remuneration Committee in this case), (b) any other member of the Company's Board of Directors who were not a member of the Nominating and Remuneration Committee (being a Secretary non-member of the Nominating and Remuneration Committee in this case) or (c) the Secretary or a Vice-Secretary of the Company's Board of Directors (being a Secretary non-member of the Nominating and Remuneration Committee in this case) The Secretary shall make a written record of all the agreements passed at each session of the Committee, and shall inform the plenary session of the Board of Directors through its Chairman. In the event of a tie, the Chairman of the Committee shall have the casting vote.

Description of amendmends

5. With no prejudice to any other tasks assigned by the Board, the Nominating and Remuneration Committee shall have the following basic responsibilities:

(a) To draw up and review the criteria that have to be implemented for the composition of the Board of Directors and the selection of candidates, taking into account the skills, knowledge and experience necessary on the Board;

(b) To make the proposals of appointments of Directors prior to submitting these to the General Meeting, or where applicable, prior to their adoption by the Board making use of its co-optation powers, informing in any event on the nature of the Director proposed;

(c) To make proposals to the Board in order for the succession of the Chairman and of the chief executive to take place in a properly planned and organized manner;

(d) To inform on the appointment and removal of the Secretary and Vice-Secretaries of the Board of Directors;

(e) To inform about any appointments and removals of senior management that the chief executive may propose to the Board;

(f) To propose to the Board the members who are to form part of each of the Committees;

(g) To propose to the Board of Directors the system and amount of the annual remuneration of Directors and senior management;

(h) To regularly review the remuneration schemes of senior management, considering their fitness and performance; and

(i) To inform about any transactions which involve or could involve conflicts of interests and, in general, about the issues considered in Chapter IX of these Regulations.

6. Any member of the management team or the staff of the Company whose presence were required by the Chairman would be obliged to attend the sessions of the Committee and to give cooperation and access to any information available.

7. For better performance of its tasks, the Committee could seek consultancy from external professionals, for which purpose what is laid down in article 25 of these Regulations shall be applicable.

8. The Committee shall have to consider the suggestions made to it by the Chairman, the members of the Board, the executives or shareholders of the Company. In particular, (a) the Committee shall consult the Chairman and chief executive of the Company on matters to do with executive Directors and (b) any member of the Board may request the Committee to take into consideration potential candidates to cover any Director vacancies in case it considers these appropriate.

9. The Nominating and Remuneration Committee shall meet whenever the Board of Directors of the Company or its Chairman asks for a report to be issued or proposals to be adopted and, in any event, whenever it proves useful for proper performance of its functions. In any case, it shall meet once a year to prepare the information on the remuneration of the Directors that the Board of Directors has to approve and include in its annual public documents.

Description of amendmends

10. At the first plenary session of the Board after its meetings, the Nominating and Remuneration Committee shall account for its work and answer for what has been done. All the members of the Board shall receive a copy of the minutes of the sessions of the Nominating and Remuneration Committee.
--

B.1.19 State the procedures for the appointment, reappointment/re-election, assessment and removal of Directors. Give details of the competent bodies, the processes to be implemented and the criteria used in each of the procedures.

Regulations of the Board of Directors:

Article 18. Appointment of Directors

1. Directors shall be designated by the General Shareholders' Meeting or by the Board of Directors, in accordance with the provisions laid down in the Spanish Corporate Enterprises Act.
2. The proposals for appointment of Directors submitted by the Board of Directors for consideration by the General Meeting, and the decisions on appointments passed by this body pursuant to the co-optation powers that it is granted by law must be preceded by the relevant proposal of the Nominating and Remuneration Committee.

When the Board departs from the recommendations of the Nominating and Remuneration Committee, the reasons for acting this way must be given, and taken note of in the minutes.

Article 19. Appointment of external Directors

1. The Board of Directors and the Nominating and Remuneration Committee, within their spheres of competence, shall ensure that the choice of candidates involves persons of known reliability, competence and experience, having to take the greatest care as regards the persons invited to occupy the positions of independent Director as envisaged in article 6 of these Regulations.
2. The Board of Directors shall not be able to propose or appoint any persons who are connected with the Company's management or who are connected by family, professional or commercial bonds with the executive Directors or senior management of the Company to occupy a position of independent Director.

The following may specifically not be proposed as or appointed independent Directors:

- (a) Any persons who have during the previous year had a significant direct or indirect working, commercial or contractual relationship with the Company, its management, proprietary Directors of companies in the Group whose shareholding interests are represented by them, credit institutions with a significant position in the Company's financing, or organizations receiving significant subsidies from the Company;
- (b) Any persons who are Directors of another listed Company which has proprietary Directors in the Company;
- (c) Any persons connected with executive Directors, proprietary Directors or members of the Company's management; for purposes of this Regulation, persons connected with the Directors shall be understood to mean those who are involved in any of the cases envisaged in article 231 of the Spanish Corporate Enterprises Act; and

(d) Any persons who have other relations with the Company which, in the opinion of Nominating and Remuneration Committee, might impair their independence.

Regulations of the Board of Directors:

Article 20. Reelection of Directors

Any proposals for reelection of Directors that the Board of Directors may decide to submit to the General Meeting shall have to go through a formal preparation process, which shall necessarily include a report issued by the Nominating and Remuneration Committee which shall assess the quality of the work and the dedication to the post of the Directors proposed during the preceding mandate.

Regulations of the Board of Directors:

Article 17 b. Regular assessment

Twice a year the Board shall meet in a plenary session, to assess:

- (a) The quality and efficiency of the Board's operation;
- (b) Starting from the report passed on to it by the Nominating Committee, the Chairman of the Board and the chief executive of the Company's performance of their functions;
- (c) The performance of its Committees, starting from the reports supplied by these.

Regulations of the Board of Directors:

Article 21. Term of office

1. Directors shall hold their post for the period envisaged in the Corporate Articles, and they may be reelected.
2. Any Directors appointed by co-optation shall hold their post until the date of the first General Meeting.
3. When, after a report from the Nominating and Remuneration Committee, the Board of Directors were to understand that the Company's interests were endangered, any Director completing his or her term of office or for any other causes ceasing to perform his or her function shall not be able to render services in any other entity which may be considered a competitor of the Company for the period laid down by the Board of Directors, which shall under no circumstances be able to be over two (2) years.

In spite of the above, the Board of Directors shall, if it considers this appropriate, be able to release the leaving Director from this obligation.

Article 22. Dismissal of Directors

1. Directors shall leave their posts when the period for which they were appointed has elapsed and when this is decided by the General Meeting, making use of the powers that it is legally or statutorily conferred.
2. The Board of Directors shall refrain from proposing to the General Meeting the dismissal of external Directors (proprietary and independent) before the end of the statutory period for which they were appointed, unless there are any exceptional and justified causes, and after a report from the Nominating and Remuneration Committee.

3. Directors shall have to offer their resignation to the Board of Directors and go through with the relevant resignation, if the Board considers this fit, in the following cases:

(a) When they leave the executive positions with which their appointment as a Director was associated, except for express ratification by the Board of Directors, after a non-binding report from the Nominating and Remuneration Committee;

(b) When they are involved in any of the legally envisaged cases of incompatibility or prohibition;

(c) When charges are brought against them for a presumably criminal offense or when a judge's order for hearing to commence is issued for any of the offenses stated in article 213 of the Spanish Corporate Enterprises Act, or when they are involved in disciplinary proceedings for serious or very serious misconduct brought by supervisory authorities;

(d) When they are seriously admonished by the Auditing Committee for having failed to comply with their obligations as Directors;

(e) When their remaining on the Board may endanger the Company's interests or when the reasons for which they were appointed have disappeared; and

(f) In the case of a proprietary Director, when the shareholder whose shareholding interests they represent on the Board disposes of their holding in the Company or reduces this under the level reasonably justifying their appointment as such.

4. When a Director stands down from his or her post either through dismissal or for other reasons, the reasons for this shall be explained in a letter which will be sent to all the members of the Board by means of the Chairman or the Secretary.

B.1.20 State any cases in which Directors are obliged to resign.

Regulations of the Board of Directors:

Article 22. Dismissal of Directors

(...)

3. Directors shall have to offer their resignation to the Board of Directors and go through with the relevant resignation, if the Board considers this fit, in the following cases:

(a) When they leave the executive positions with which their appointment as a Director was associated, except for express ratification by the Board of Directors, after a non-binding report from the Nominating and Remuneration Committee;

(b) When they are involved in any of the legally envisaged cases of incompatibility or prohibition;

(c) When charges are brought against them for a presumably criminal offense or when a judge's order for hearing to commence is issued for any of the offenses stated in article 213 of the Spanish Corporate Enterprises Act, or when they are involved in disciplinary proceedings for serious or very serious misconduct brought by supervisory authorities;

(d) When they are seriously admonished by the Auditing Committee for having failed to comply with their obligations as Directors;

(e) When their remaining on the Board may endanger the Company's interests or when the reasons for which they were appointed have disappeared; and

(f) In the case of a proprietary Director, when the shareholder whose shareholding interests they represent on the Board disposes of their holding in the Company or reduces this under the level reasonably justifying their appointment as such.

B.1.21 Explain whether the function of chief executive of the Company falls upon the Chairman of the Board of Directors. If so, state the measures that have been taken to limit the risks involved with powers being concentrated in a single person:

YES

Measures to limit risks
Functions are decentralized through the existence of the Board's delegate Committees (the Auditing Committee and the Nominating and Remuneration Committee), which have their own spheres of competence. Furthermore, in accordance with article 8.1 of the Regulations of the Board of Directors, when the Chairman of the Board holds the status of chief executive, this person will be delegated all the powers that can be delegated in accordance with the Law, the Articles and these Regulations, and will be in charge of effective management of the Company's business, always in accordance with the decisions and criteria set by the General Shareholders' Meeting and the Board of Directors, in their respective spheres of competence. Also see the reference to article 8.4 of the Regulations in the following section

State and where applicable explain whether rules have been established empowering one of the independent Directors to request that a meeting of the Board should be convened, or for new items to be added to the agenda, the aim being to coordinate and reflect the concerns of the external Directors and oversee evaluation by the Board of Directors

YES

Explanation of the rules
Article 8.4 of the Regulations of the Board of Directors empowers an independent Director to coordinate and reflect the concerns of external Directors and to direct the Board's assessment of its Chairman in cases when the Chairman is in turn the chief executive.

B.1.22 Are reinforced majorities, other than legal ones, required for any type of resolution?:

NO

Describe how agreements are passed at the Board of Directors, stating at least the minimum quorum and the types of majorities required to adopt the resolutions:

Description of the agreement:

All the agreements

Quorum	%
Half plus one of the Directors	0

Type of majority	%
Absolute majority. In the event of a tie, the Chairman has the casting vote	0

B.1.23 Explain whether there are any specific requirements other than the ones regarding Directors, in order to be appointed chairman.

NO

B.1.24 State whether the chairman has the casting vote:

YES

Questions in which there is a casting vote
In all questions within the Board's competence.

B.1.25 State whether the Articles or the Regulations of the Board establish any limit to the age of Directors:

NO

Maximum age of chairman	Maximum age of the chief executive office	Maximum age of Directors
0	0	0

B.1.26 State whether the Articles or the Regulations of the Board establish any limit to the maximum term of office of independent Directors:

NO

Maximum term of office	0
-------------------------------	---

B.1.27 If there are few or no female Directors, explain the reasons for this and any measures taken in order to remedy the situation

Explanation of the reasons and the measures
The Board bases its proposals for appointment of Directors strictly on professional qualification criteria (skill, knowledge and experience).

In particular, state whether the Nominating and Remuneration Committee has established procedures to ensure that selection processes do not suffer from implicit biases hindering any selection of female Directors and whether female candidates who meet the required profile are deliberately sought:

NO

B.1.28 State whether there are any formal processes for granting proxies at the Board of Directors. If so, provide a brief description.

Article 28.2 of the Regulations of the Board of Directors establishes Directors' general obligation to attend the meetings of the bodies to which they belong and to take an active part in any discussions in order for their opinion to make an effective contribution to decision-making. Furthermore, in the event of their not being able to attend any sessions to which they were called, on justified grounds, this article provides that any absent Director must give instructions to the Director who has to represent him/her.

B.1.29 State the number of Board meetings held during the financial year. Where applicable, also state the number of times the Board met without the chairman attending this:

Number of Board meetings	14
Number of Board meetings without the chairman's attendance	0

State the number of meetings held by the different Board Committees during the financial year:

Number of meetings of the Executive or Delegate Committee	0
Number of meetings of the Audit Committee	10
Number of meetings of the Nominating and Remuneration Committee	5
Number of meetings of the Nominating Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 State the number of Board meetings held during the year without the attendance of all Board members. Any proxies granted without specific instructions for the meeting will be considered as being absences:

Number of Directors' absences during the year	0
% of absences of the total votes cast during the year	0,000

B.1.31 State whether the individual and consolidated annual accounts presented to the Board for approval are previously certified:

YES

Identify, where applicable, the persons who certified the Company's individual and consolidated accounts for approval by the Board:

Name	Position
MS. MONTSERRAT LLOVERAS CALVO	CHIEF ADMINISTRATIVE OFFICER AND CONTROLLER
MR. ALFREDO ARROYO GUERRA	VICE-PRESIDENT ADMINISTRATION AND FINANCE

B.1.32 Explain, if there were any, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts drawn up by it from being presented to the General Shareholders' Meeting with reservations in the audit report.

Article 42.4 of the Regulations of the Board is transcribed below:

Article 42. Relations with auditors

(...)

4.The Board of Directors shall attempt to draw up the final accounts in such a way that there are no reservations by the auditor, and in the event of there being any, their content and scope shall be explained to shareholders by both the Chairman of the Auditing Committee and by the external auditors.

B.1.33 Is the Secretary to the Board also a Director?

NO

B.1.34 Explain the procedures for the appointment and removal of the Secretary to the Board, stating whether he/she is proposed by the Nominating Committee and approved by a plenary session of the Board.

Procedure for appointment and removal
According to article 10 of the Regulations of the Board, the Secretary does not need to be a Director.
According to article 15.5 of the Regulations of the Board, it is the Nominating and Remuneration Committee's competence to inform about the appointment and removal of the Secretary and Vice-secretaries to the Board of Directors.

Does the Nominating Committee inform about the appointment?	YES
Does the Nominating Committee inform about the dismissal?	YES
Does the Board approve the appointment?	YES
Does the Board approve the dismissal at a plenary session?	YES

Does the secretary to the Board have special responsibility for ensuring that the recommendations on good governance are followed?

YES

B.1.35 State if applicable, the mechanisms established by the Company to preserve the independence of the auditor, financial analysts, and rating agencies.

Article 14 of the Regulations of the Board gives the Audit Committee the following competences as regards the external auditor:

- (i) To pass on to the Board any proposals for selection, nomination, contracting and replacement of the external auditor;
- (ii) To be directly in charge of the fees and supervision of the work done by the external auditor;
- (iii) To regularly receive information directly from the external auditor on the progress, incidents and execution of auditing, as well as on the auditing plan and the results of its implementation and to make sure that senior management is acting on its recommendations.
- (iv) To ensure the independence of the external auditor, and for this purpose:

. For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoint a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content;

. For the Company and the auditor to ensure respect for current legislation on rendering services other than auditing, the limits to concentration of the auditor's business and in general the other rules laid down for ensuring auditors' independence;

. In the event of the external auditor resigning, to examine the circumstances which had given rise to this.

Article 42 of the Regulations of the Board furthermore establishes that the Board's relations with the Company's external auditors shall be channeled through the Audit Committee. The Board of Directors shall furthermore refrain from proposing to the Meeting the contracting of any auditing firms in which the fees intended to be paid to it for all items are over ten per cent (10%) of its total income during the last financial year. This article also provides that the Board of Directors shall publicly inform, every year, of the overall fees that the Company has paid to the auditing firm for services other than auditing.

B.1.36 State whether the Company changed its external auditor during the financial year. If so, identify the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

In the event of any disagreements with the outgoing auditor, please provide details:

NO

B.1.37 State whether the audit firm carries out other work for the Company and/or its business Group apart from auditing, and if so, state the amount of the fees received for such work and the percentage that this represents of the fees invoiced to the Company and/or its business Group:

YES

	Company	Group	Total
Amount of other non-auditing work (thousand euros)	744	464	1.208
Amount of other non-auditing work/total work invoiced by the auditing firm (as a %)	39.200	19.900	28.560

B.1.38 State whether the audit report of the annual accounts for the previous financial year contains reservations or qualifications. If it does, detail the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

NO

B.1.39 State the number of consecutive years for which the present audit firm has been auditing the annual accounts of the Company and/or its business Group. Likewise, give the percentage represented by the number of years the current audit firm has been auditing the accounts in respect of the total number of years for which the annual accounts have been audited:

	Company	Group
Number of consecutive years	21	21
No. of years audited by the current audit firm /No. of years that the Company has been audited (as a %)	100.0	100.0

B.1.40 State any holdings of the members of the Company's Board of Directors in the capital of entities engaged in the same, similar or complementary type of business to the one stated as the corporate purpose of either the Company or its Group, insofar as these have been made known to the Company. Also state the positions or functions that they carry out at said companies:

B.1.41 State and give details in each case of whether there is a procedure for the Directors to seek external consultancy:

YES

Detail of the procedure
<p>This is established in article 25 of the Regulations of the Board:</p> <p>Article 25. Expert assistance</p> <p>1. In order to be assisted in the practice of their functions, external Directors may request legal, accounting, financial or other experts to be taken on, at the Company's expense.</p> <p>Any such commission must necessarily involve specific problems of some scale and complexity arising during performance of the function.</p> <p>2. The decision to contract must be made known to the Chairman of the Board, and may be turned down by the Board of Directors if it is accredited that:</p>

Detail of the procedure

- (a) This is not required for proper performance of the functions entrusted to the external Directors;
- (b) Its cost is not reasonable in view of the importance of the problem and of the assets and earnings of the Company; or
- (c) The technical assistance being sought can be properly given by the Company's own experts and technical staff.

B.1.42 State and, where applicable, give details as to whether there is a procedure for the Directors to be able to obtain the information needed to prepare for meetings of the governing bodies sufficiently long in advance:

YES

Detail of the procedure

In accordance with article 16.2 of the Regulations of the Board, the call for ordinary sessions shall be made in accordance with the advance notice and the procedures stipulated in the Corporate Articles. The call shall always include the agenda of the session and shall adjoin all the relevant information, properly summed up and prepared, sent long enough in advance for proper preparation of the meeting. When, in the Chairman's opinion, this proves inadvisable for security reasons, the information shall not be adjoined and the Directors will be informed of the possibility of examining this at the corporate headquarters.

B.1.43 State and where applicable give details as to whether the Company has established rules that oblige Directors to report and where appropriate resign in cases in which the image and reputation of the Company may be harmed:

YES

Explain the rules

Article 28.2 of the Regulations of the Board lays down Directors' obligation to inform the Nominating and Remuneration Committee about any criminal proceedings in which they are charged, as well as the later stages of the proceedings.

Article 22.3 envisages Directors' obligation to offer their resignation to the Board and if the latter considers this appropriate, to go through with this resignation if, amongst other reasons:

- (i) When they are involved in any of the legally envisaged cases of incompatibility or prohibition;
- (ii) When charges are brought against them for a presumably criminal offense or when a judge's order for hearing to commence is issued for any of the offenses stated in article 213 of the Spanish Corporate Enterprises Act, or when they are involved in disciplinary proceedings for serious or very serious misconduct brought by supervisory authorities;
- (iii) When they are seriously admonished by the Auditing Committee for having failed to comply with their obligations as Directors; and

Explain the rules
(iv) When their remaining on the Board may endanger the Company's interests.

B.1.44 State whether any member of the Board of Directors has informed the Company that he/she has been sentenced or formally accused of any of the offenses stipulated in article 124 of the Spanish Public Limited Companies Law:

NO

State whether the Board of Directors has analyzed the case. If so, explain the decisions made regarding whether or not the Director should remain in his/her post, giving reasons.

NO

Decision taken	Grounded explanation

B.2 Committees of the Board of Directors

B.2.1 Give details of all the Committees of the Board of Directors and their members:

AUDIT COMMITTEE

Name	Position	Type
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	CHAIRMAN	INDEPENDENT
MR. STEVEN MAYER	MEMBER	EXTERNAL
MR. W. BRETT INGERSOLL	MEMBER	EXTERNAL

NOMINATING AND REMUNERATION COMMITTEE

Name	Position	Type
MR. EDGAR DALZELL JANNOTTA	CHAIRMAN	INDEPENDENT
MS. ANNA VEIGA LLUCH	MEMBER	INDEPENDENT
MR. VICTOR GRIFOLS ROURA	MEMBER	EXECUTIVE

B.2.2 State whether the Audit Committee is endowed with the following functions.

Monitoring the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria	YES
Regularly assessing the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known	YES
Ensuring the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account	YES
Establishing and overseeing a mechanism that enables employees to communicate – confidentially and where considered appropriate, anonymously – any possible irregularities that they may observe in the Company, particularly financial and accounting ones	YES
Presenting to the Board of Directors proposals for the selection, appointment, reappointment and replacement of the external auditor, as well as the conditions under which it is contracted	YES
Regularly receiving from the external auditor information on the audit plan and the results of its implementation, and checking that the senior management takes its recommendations into account	YES
Ensuring the independence of the external auditor	YES
In the case of groups, helping to ensure that the Group auditor also assumes responsibility for the audits of individual companies in the Group	YES

B.2.3 Describe the rules covering organization, operation and responsibilities of each of the Committees attached to the Board of Directors.

Name of Committee

NOMINATING AND REMUNERATION COMMITTEE

Short description

This is established in article 15 of the Regulations of the Board: Article 15. The Nominating and Remuneration Committee 1. The Nominating and Remuneration Committee shall assess the profile of the most appropriate persons for forming part of the different Committees and pass the relevant proposals on to the Board. 2. The Nominating and Remuneration Committee shall be made up of a number of from three (3) to five (5) Directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the Directors and the purposes of the Committee. The Nominating and Remuneration Committee shall in any event be made up of a majority of external Directors. 3. The Board of Directors shall appoint the Chairman of the Nominating and Remuneration Committee. The post of Chairman shall necessarily be given to an external Director and, insofar as this is possible, to an independent one. 4. The Board of Directors shall appoint the Secretary of the Nominating and Remuneration Committee, who could be (a) one of the members of said Nominating and Remuneration Committee (being a Secretary member of the Nominating and Remuneration Committee in this case), (b) any other member of the Company's Board of Directors who were not a member of the Nominating and Remuneration Committee

(being a Secretary non-member of the Nominating and Remuneration Committee in this case) or (c) the Secretary or a Vice-Secretary of the Company's Board of Directors (being a Secretary non-member of the Nominating and Remuneration Committee in this case). The Secretary shall make a written record of all the agreements passed at each session of the Committee, and shall inform the plenary session of the Board of Directors through its Chairman. In the event of a tie, the Chairman of the Committee shall have the casting vote. 5. With no prejudice to any other tasks assigned by the Board, the Nominating and Remuneration Committee shall have the following basic responsibilities: (a) to draw up and review the criteria that have to be implemented for the composition of the Board of Directors and the selection of candidates, taking into account the skills, knowledge and experience necessary on the Board; (b) to make the proposals of appointments of Directors prior to submitting these to the General Meeting, or where applicable, prior to their adoption by the Board making use of its co-optation powers, informing in any event on the nature of the Director proposed; (c) to make proposals to the Board in order for the succession of the Chairman and of the chief executive to take place in a properly planned and organized manner; (d) to inform on the appointment and removal of the Secretary and Vice-Secretaries of the Board of Directors; (e) to inform about any appointments and removals of senior management that the chief executive may propose to the Board; (f) to propose to the Board the members who are to form part of each of the Committees; (g) to propose to the Board of Directors the system and amount of the annual remuneration of Directors and senior management; (h) to regularly review the remuneration schemes of senior management, considering their fitness and performance; and (i) to inform about any transactions which involve or could involve conflicts of interests and, in general, about the issues considered in Chapter IX of the Regulations of the Board of Directors. 6. Any member of the management team or the staff of the Company whose presence were required by the Chairman would be obliged to attend the sessions of the Committee and to give cooperation and access to any information available. 7. For better performance of its tasks, the Committee could seek consultancy from external professionals, for which purpose what is laid down in article 25 of the Regulations of the Board of Directors shall be applicable. 8. The Committee shall have to consider the suggestions made to it by the Chairman, the members of the Board, the executives or shareholders of the Company. In particular, (a) the Committee shall consult the Chairman and chief executive of the Company on matters to do with executive Directors and (b) any member of the Board may request the Committee to take into consideration potential candidates to cover any Director vacancies in case it considers these appropriate. 9. The Nominating and Remuneration Committee shall meet whenever the Board of Directors of the Company or its Chairman asks for a report to be issued or proposals to be adopted and, in any event, whenever it proves useful for proper performance of its functions. In any case, it shall meet once a year to prepare the information on the remuneration of the Directors that the Board of Directors has to approve and include in its annual public documents. 10. At the first plenary session of the Board after its meetings, the Nominating and Remuneration Committee shall account for its work and answer for what has been done. All the members of the Board shall receive a copy of the minutes of the sessions of the Nominating and Remuneration Committee.

Name of Committee

AUDIT COMMITTEE

Short description

As established in article 14 of the Regulations of the Board: Article 14. The Audit Committee 1. The Audit Committee will be made up of a number of from three (3) to five (5) Directors appointed by the Board of Directors, taking into account the knowledge, skills and experience of the Directors as regards accounting, auditing and management or risks and the tasks of the Committee. 2. The Audit Committee shall, in any event, be made up of a majority of external Directors, with an appropriate presence of independent Directors. An attempt will also be made to ensure that all the members of the Audit Committee, including its President, have the independence, experience and any other requisite established by the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers Automated

Quotation (NASDAQ). 3. The Board of Directors shall appoint the Chairman of the Audit Committee, a post which shall necessarily have to be filled by an external Director, and, where possible, an independent Director. The Chairman of the Committee shall have to be replaced every four (4) years, being able to be reelected after a period of one (1) year from his/her dismissal has elapsed. 4. The Board of Directors will appoint the Secretary of the Audit Committee, who could be (a) one of the members of said Audit Committee (in this case, being a Secretary member of the Audit Committee), (b) any other member of the Company's Board of Directors not a member of the Audit Committee (in this case, being a Secretary non-member of the Audit Committee), or (c) the Secretary or a Vice-Secretary of the Company's Board of Directors (being a Secretary non-member of the Audit Committee in this case). The Secretary shall make a record of the agreements adopted at each session of the Committee and inform the plenary session of the Board of Directors through its Chairman. In the event of any tie in the voting, the Chairman of the Committee shall have the casting vote. 5. With no prejudice to what is established in the Law, the Corporate Articles, or other tasks assigned to it by the Board of Directors, the Audit Committee shall have the following basic responsibilities: (a) In respect of the General Shareholders' Meeting: (i) To inform the General Meeting of the matters brought up in this body on matters within its competence; (b) In respect of the Board of Directors: (i) To inform the Board beforehand on the regular financial information that the Company periodically has to publish, through its status as a listed organization; in this respect, the Committee shall ensure that the interim accounts are drawn up with the same accounting criteria as the annual ones and to this end shall consider the suitability of a limited review by the external auditor; (ii) To inform beforehand on the creation or acquisition of stock in concerns with a special purpose or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency; (iii) To inform beforehand on related party operations; and (iv) To inform on any matter which has or could have any material, financial or accounting impact; (c) In respect of internal control and reporting systems: (i) To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria; (ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known; (iii) To ensure the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the Head of the Internal Audit Department; proposing the budget for such Department; receiving regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and checking that the senior management takes the conclusions and recommendations of its reports into account; (iv) To establish and supervise procedures for reception, retention and treatment of any complaints received by the Company in respect of accountancy, internal controls and auditing matters, as well as anonymous and confidential contributions made by employees on questionable auditing and accounting matters; (d) As regards the external auditor: (i) To have exclusive authority to propose the appointment, contracting and replacement of the external auditor to the Board of Directors, with no detriment to the competences granted by Spanish legislation to the General Meeting and the Board itself as regards the approval of those decisions; (ii) To be directly responsible for the fees and supervision of the work done by the external auditor as regards the preparation or issue of auditing reports, or similar, on financial statements; (iii) To regularly receive information directly from the external auditor on the progress, incidents and execution of auditing, as well as on the auditing plan and the results of its implementation and to make sure that senior management is acting on its recommendations; (iv) To ensure the independence of the external auditor, and for this purpose: . For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoin a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content; . For the Company and the auditor to ensure respect for current legislation on rendering services other than auditing, the limits to concentration of the auditor's business and in general the other rules laid down for ensuring auditors' independence; . In the event of the external auditor resigning, to examine the circumstances which had given rise to this. (iv) To promote the Group auditor's

assuming responsibility for the audits of the companies forming part of the Group; (e) As regards the external consultants: (i) In order to be assisted in the practice of their functions, request legal, accounting, financial or other experts to be taken on, at the Company's expense; (f) As regards internal rules of conduct: (i) To monitor compliance of the Internal Regulations on Conduct in issues connected with the Securities Markets, of these Regulations, of the norms of conduct laid down in the "Ethical Code for Grifols Group" and in the "Code of Conduct for Grifols' Employees" and, in general, of any other internal rules for governance of the Company, as well as making the proposals required for improving these. 6. The Audit Committee shall meet as often as necessary for performing its work properly. 7. Any member of the management team or the staff of the Company whose presence were required by the Chairman shall be obliged to attend the Committee sessions, and to give cooperation and access to any information available to them. The Chairman may require them to appear in the absence of any other Director. The Chairman of the Committee may require attendance of Auditors at its sessions. 8. To perform its functions better, the Audit Committee may seek consultancy from external professionals at the Company's expense. For the sake of avoiding any doubt, the requisites and limitations envisaged in article 25 of the Regulations of the Board of Directors will not apply. 9. The Company will provide the appropriate funding, in accordance with the indications of the Audit Committee, to pay the fees of external auditors and of any advisor contracted by the Audit Committee, as well as any ordinary administrative expense incurred by the Audit Committee in the performance of its functions; 10. At the first plenary session of the Board after its meetings, the Audit Committee shall report on its work and answer for the work done. All the members of the Board shall be given a copy of the minutes of the Audit Committee's sessions.

B.2.4 State the powers of each of the Committees as regards advice, consultancy and where applicable, delegations available:

Name of Committee

NOMINATING AND REMUNERATION COMMITTEE

Short description

See section B.2.3 above

Name of Committee

AUDIT COMMITTEE

Short description

See section B.2.3 above

B.2.5 State, where applicable, the existence of regulations governing the Board's Committees, the place where these are available for consultation, and any amendments that have been made during the financial year. It should also be stated whether any annual report on the work done by each Committee has voluntarily been drawn up.

Name of Committee

NOMINATING AND REMUNERATION COMMITTEE

Short description

The regulations of the Nominating and Remuneration Committee are contained in the Regulations of the Board of Directors, which may be consulted on the Company's web page (www.grifols.com). This regulation was modified at a meeting of the Board of Directors of 24th May 2011, in order to adapt the Regulations of the Board of Directors to the regulatory norms of the National Association of Securities Dealers Automated Quotation (NASDAQ).

Name of Committee

AUDIT COMMITTEE

Short description

The regulations of the Audit Committee are contained in the Regulations of the Board of Directors, which may be consulted on the Company's web page (www.grifols.com). This regulation was modified at a meeting of the Board of Directors of 24th May 2011, in order to adapt the Regulations of the Board of Directors to the regulatory norms of the National Association of Securities Dealers Automated Quotation (NASDAQ).

B.2.6 State whether the composition of the Executive Committee reflects the participation on the Board of the different categories of Directors:

NO

If not, explain the composition of your Executive Committee
There is no Executive Committee

C – RELATED-PARTY TRANSACTIONS

C.1 State whether a plenary session of the Board has reserved for itself the function of approving transactions that the Company carries out with Directors, with significant shareholders or shareholders represented on the Board, or with related parties, following a favorable report from the Audit Committee or any other body entrusted with this task:

YES

C.2 Provide details of any relevant operations involving a transfer of assets or liabilities between the Company or Group entities and significant shareholders in the Company:

Personal or corporate name of the significant shareholder	Personal or corporate name of the Company or entity in its Group	Nature of the relation	Type of operation	Amount (thousand euros)
SCRANTON ENTERPRISES, B.V.	GRIPDAN INVEST, S.L.	Scranton is the sole partner of Gripdan Invest, S.L.	Sale of goods (finished or under way)	5,222
SCRANTON ENTERPRISES, B.V.	GRIPDAN INVEST, S.L.	Scranton is the sole partner of	Sale of goods (finished or	39,267

Personal or corporate name of the significant shareholder	Personal or corporate name of the Company or entity in its Group	Nature of the relation	Type of operation	Amount (thousand euros)
		Gripdan Invest, S.L.	under way)	
SCRANTON ENTERPRISES, B.V.	GRIPDAN INVEST, S.L.	Scranton is the sole partner of Gripdan Invest, S.L.	Sale of goods (finished or under way)	17,650
SCRANTON ENTERPRISES, B.V.	GRIPDAN INVEST, S.L.	Scranton is the sole partner of Gripdan Invest, S.L.	Sale of goods (finished or under way)	12,467
SCRANTON ENTERPRISES, B.V.	GRIPDAN INVEST, S.L.	Scranton is the sole partner of Gripdan Invest, S.L.	Sale of goods (finished or under way)	5,787
SCRANTON ENTERPRISES, B.V.	SCRANTON ENTERPRISES USA INC.	Scranton Enterprises USA Inc. is a company in which Scranton Enterprises has a holding.	Sale of goods (finished or under way)	152,000

C.3 Provide details of any relevant operations involving a transfer of assets or liabilities between the Company or Group entities and the Company's managers or Directors:

Personal or corporate name of the managers or Directors	Personal or corporate name of the Company or entity in its Group	Nature of the operation	Type of operation	Amount (thousand euros)
THORTHOL HOLDINGS, B.V.	GRIFOLS, S.A.	CONTRACTUAL (amounts received by Marca Grifols, S.L., in which it has a holding)	Transfers of ID and agreements on licenses	1,772
MR. TOMAS DAGA GELABERT	GRIFOLS, S.A.	CONTRACTUAL (amount received by Osborne Clarke,	Services rendered	15,973

		S.L., a practice in which he is a partner)		
--	--	--	--	--

C.4 Give details of any relevant transactions carried out by the Company with other companies belonging to the same Group, provided they are not eliminated during the process of preparing the consolidated financial statements and do not form part of the normal business of the Company in terms of their subject and applicable terms and conditions:

C.5 State whether the members of the Board of Directors have found themselves involved in any conflict of interest during the financial year, in accordance with what is stipulated in article 127 three of the Spanish Public Limited Companies Law.

YES

Personal or corporate name of Director

MR. EDGAR DALZELL JANNOTTA

Description of the conflict of interest situation

Mr. Jannotta has a minority interest in Scranton Enterprises BV, a significant shareholder of the Company.

Personal or corporate name of Director

MR. VICTOR GRIFOLS ROURA

Description of the conflict of interest situation

Mr. Grifols has a minority interest in Scranton Enterprises BV, a significant shareholder of the Company.

C.6 Give details of any mechanisms set up to detect, determine and solve any possible conflicts of interest between the Company and/or its Group and its Directors, executives or significant shareholders.

One of the general obligations of any Director laid down in article 28.2 of the Regulations of the Board is that of clearly expressing their opposition, in particular concerning independent Directors and other Directors who are not affected by the potential *conflict* of interest, when this involves decisions which might harm the shareholders not represented on the Board.

Furthermore, article 30.2 of the Regulations of the Board establishes that a Director must consult the Nominating and Remuneration Committee before accepting any management position in another company or concern which might represent a conflict of interests or affect their dedication.

Finally, article 31 establishes the following: (i) the Director must refrain from attending and getting involved in discussions which affect matters in which he or she is personally, directly or indirectly, an interested party; and (ii) the Director shall not be able to carry out, directly or indirectly, any professional or commercial transactions with the Company unless the situation of conflict of interests is informed of in advance, and the Board approves the transaction, after receiving a report from the Nominating and Remuneration Committee.

C.7 Is more than one Company from the Group listed in Spain?

NO

Identify any subsidiaries that are listed:

D – RISK CONTROL SYSTEMS

D.1 General description of the risk policy of the Company and/or its Group, detailing and evaluating the risks covered by the system, together with an explanation of why these systems are appropriate for each type of risk.

The Company's risk management policy focuses on identifying, evaluating, reducing and controlling the different risks that may prevent it from attaining its business goals. To this end, the Company has the organization and infrastructures able to carry out the functions required, by means of a continuous process.

Risk management is the responsibility of senior management, whose main functions in this respect are:

- The identification and evaluation of risks.
- The definition, application and regulatory development of corporate risk management policies.
- The implementation of the processes required to ensure proper management of risks, their follow-up and control.

The Audit Committee oversees the way the management monitors compliance with the Group's risk management policies and procedures, and reviews whether these policies and procedures are appropriate, considering the risks to which the Group is exposed.

The Board of Directors' meeting on 24th May 2011 approved an amendment of the Regulations, reinforcing the internal control and information mechanisms of the Audit Committee in article 14, establishing the following amongst its competences for this purpose:

- (i) To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria;
- (ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known;
- (iii) To ensure the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and checking that the senior management takes the conclusions and recommendations of its reports into account;

The Audit Committee is assisted by the Internal Audit department in these functions.

Internal Audit performs regular reviews of the checks and risk management procedures and informs the Audit Committee of the results.

The main risk factors covered in the Management Report and the Consolidated Annual Report of Grifols for 2011 are as follows:

- Possible effects of the global financial crisis on our distributors or on the countries in which these operate
- The emergence of competitive products
- Changes in the regulatory norms of the markets in which it operates
- Risks stemming from the process of integrating the Talecris Group, whose purchase took effect as of 2nd June 2011

- Credit, liquidity and market risk
- Possible shortages of supplies of raw materials

The Group has the necessary departments and the backing of specialized external consultants to ensure compliance of laws and rules applicable to it. The healthcare legislation of different countries and the financial-accounting rules are prominent among these regulations.

The Group does not have any significant concentrations of commercial credit risk. Furthermore, due to the type of customers with whom it works, most of whom are public bodies, the risk of insolvency is low. The only risk that may affect credits with public bodies is that of delayed payment. The companies in the Group cover this risk by claiming their right to collect legal interest. Apart from this, no significant insolvency problems have been detected on the markets on which it sells to private bodies.

As regards the credit risk with banks and financial institutions, the Group only works with institutions of known repute and requires appropriate diversification of its investments.

The Group implements cautious management of the liquidity risk, based on the availability of cash and financing facilities by means of a sufficient amount of engaged credit facilities which enable the Group to carry out its business plan and operations with stable and ensured financing sources.

The objective of management of market risk is to administer and control the Group's exposure to changes in market prices (including changes in exchange and interest rates) within reasonable parameters and at the same time, to optimize profitability.

The Group's main exposure to exchange rate risk is concentrated in the United States dollar. Since earnings in dollars represent 93% of the purchases and expenses in dollars in financial year 2011, the Group has a natural coverage of dollar fluctuations, and for this reason the risks stemming from fluctuations in the exchange rate are minimal.

The liabilities issued at variable rates expose the Group to exchange rate risk as regards cash flows. In order to manage the interest rate risk in cash flows, hedging operations are carried out by contracting derivative financial instruments consisting in floating to fixed interest rate swaps. These derivative financial instruments contracted comply with the requisites of hedge accountancy.

The Group is exposed to the risk of the price of the equity instruments classified as available for sale. The Group has entered into two transactions on non-listed forward contracts whose underlying security are the Grifols, S.A. shares and is thus exposed to the performance risk of the security price.

The risk of the price of raw materials is minimized by vertical integration of the hemoderivatives business, a sector with a high level of concentration.

Apart from this, in the Bioscience division, the positive evolution of the demand for products, which is higher than the supply, guarantees suitable sales prices.

Other prominent operating risks of the Group are:

- Product liability
- Environmental responsibility
- Incidents which may occur on its premises
- The continuity of the business in the event of unexpected situations

Grifols has a quality system designed in order to guarantee the quality of our products from when the raw material is obtained until the release of the finished product for marketing. The quality controls of raw materials, production

processes and finished product have been set up in order to minimize the risk of releasing onto the market a product that could have its quality, effectiveness or safety impaired.

Grifols also has a system for control of claims and pharmacovigilance, designed for early detection of any possible quality, efficiency or safety problems potentially connected with our products, and the adoption of the necessary corrective measures. Combined with the systems for monitoring product traceability on the market, this system enables fast and effective withdrawal of any batch of product from the market at any time.

The Environmental Department plans the environmental management of all the divisions in accordance with Grifols' environmental policy, which has the following objectives, amongst others:

- To minimize the environmental impacts of new products and development.
- To guarantee the compliance of applicable legal requisites and other principles to which the organization subscribes.
- To implement techniques for contamination prevention in order to minimize the environmental risks of its activities.

The system is based on the following mainstays:

- Deployment of a uniform documentary system which covers both operational and management procedures.
- The organization of Environmental Committees in each of the companies to appraise their environmental management, evaluate and decide on priority environmental measures.
- All the departments take into account any possible environmental impacts when establishing their work processes.

As regards our employees' safety, Grifols' safety standards, stricter than legal requirements, are painstakingly documented and the workers receive constant training to guarantee their uniformity and compliance.

Both the product responsibilities and possible incidents on the premises are furthermore covered by means of risk management policies and overall insurance schemes in order to guarantee appropriate and uniform protection for all the companies in the Group.

As regards the continuity of the business in the event of unexpected situations which might break off the work of any of our critical factories, Grifols has alternative premises which would allow ongoing operations at an acceptable level during the contingency. As for information technology services, a number of measures have been implemented to face up to contingency situations. All the procedures which are considered critical are backed up by the most appropriate technology in each case. Apart from this, a replication system between the centers in Spain and the United States has been implemented for some services. For the others there is a crisis recovery plan enabling service to be given to the entire Group in contingencies.

D.2 State whether any of the different types of risk affecting the Company and/or its Group (operating, technological, financial, legal, image-related, tax, etc.) materialized during the financial year.

NO

If so, state the circumstances that led to them and whether the control system established worked.

D.3 State whether there is a Committee or other governing body responsible for establishing and supervising these control devices.

YES

If so please provide details of its functions

Name of the Committee or body

AUDIT COMMITTEE

Description of its functions

As regards information and internal control systems, article 14 of the Regulations of the Board gives the following competences to the Audit Committee:

- (i) To supervise the preparation process and the integrity of the financial information on the Company and, where applicable, the Group, verifying compliance with legal requirements, proper delimitation of the scope of consolidation and the proper application of accounting criteria;
- (ii) To regularly assess the internal control and risk management systems, so that the main risks are appropriately identified, managed and made known;
- (iii) To ensure the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities (including the annual work plan and the activities report for the year prepared by the Head of the Department); and checking that the senior management takes the conclusions and recommendations of its reports into account;
- (iv) To establish and supervise procedures for reception, retention and treatment of any complaints received by the Company in respect of accountancy, internal controls and auditing matters, as well as anonymous and confidential contributions made by employees on questionable auditing and accounting matters.

D.4 Identification and description of the processes for complying with the different regulations that affect the Company and/or its Group.

The Group has the departments required to guarantee compliance with the laws and rules affecting the Company's proper operation. The healthcare legislation of different countries and the financial-accounting rules are prominent among these regulations.

Grifols also has external consultants helping to ensure compliance of any regulations applicable to the Group.

E – GENERAL SHAREHOLDERS' MEETING

E.1 State and where applicable provide details of whether there are any differences between the required quorum for the General Shareholders' Meeting and the quorum system laid down in the Spanish Public Limited Companies Act (LSA)

NO

	% quorum different to the one established in art. 102 of the LSA for general matters	% quorum different to the one established in 103 LSA for special cases of art. 103
Quorum required at 1st call	0	0
Quorum required at 2nd call	0	0

E.2 State and, where applicable, give details of any differences from the system envisaged in the Spanish Limited Companies Law (LSA) for the adoption of corporate resolutions.

NO

Describe how it is different from the system envisaged by the LSA.

E.3 List any rights held by shareholders as regards General Meetings, insofar as these are different to the ones established in the LSA.

Class B Shares have the following rights:

1) Separate vote at the General Shareholders' Meeting in respect of extraordinary matters. With no detriment to what is laid down in article 103 of the Spanish Corporate Enterprises Act and additionally, but also to protect the rights of Class B Shares, any Company agreements on the following matters shall require, apart from their approval in accordance with what is laid down in article 17 of the Corporate Articles, the approval of the majority of Class B Shares outstanding at that time:

(A) An agreement (i) authorizing the Company or any of its subsidiaries to repurchase or acquire any Class A Shares of the Company, except for pro rata repurchases which may be offered to the owners of Class B Shares on the same terms and at an offered price equal to the owners of Class A Shares or (ii) approving the redemption of Company shares and any capital reduction (through repurchasing, cancelling shares or in any other way) other than (a) any legally compulsory redemptions and (b) any redemptions similarly affecting Class A Shares and Class B Shares and in which each Class B Share is given the same treatment and granted the same terms as for each Class A Share;

(B) Any agreement approving the issue, granting or delivery of (or authorizing the Company's Board of Directors to issue, grant or deliver) (i) any shares in the Company; (ii) any voting rights or other securities which entitle the holder to purchase Company shares or which can be exchanged or converted into Company shares; or (iii) any options, warrants or other instruments granting their owner the right to acquire, convert, subscribe or receive any Company securities in any other way except, in cases (i), (ii) and (iii) above, if (a) each Class B Share is given the same treatment in the relevant issue, granting or delivery as a Class A Share, and thus has, if there are any, the same preference rights (of subscription, preferential award or of another kind) in the relevant issue, granting or delivery as a Class A Share; or (b) the issue is made according to what is established in section 6.1 above;

(C) Any agreement unconditionally approving or not (i) an operation subject to Act 3/2009 (including, with no limitations, a merger, split-off, change of address abroad or global assignment of assets and liabilities), except if each Class B Share is treated in the same way as Class A Share in all aspects in said operation; or (ii) the dissolution or liquidation of the Company, except when the agreement is legally compulsory;

(D) Any agreement passing the exclusion of any shares of the Company from listing or trading on any securities market or secondary market; and

(E) In general, any agreement and any modification of the Corporate Articles which directly or indirectly impairs or has any adverse effect on the rights, preferences or privileges of Class B Shares (including any agreement which impairs or has any adverse effect on Class B Shares in comparison with Class A Shares or which benefits or positively affects Class A Shares in comparison with Class B Shares, or which affects the provisions of these Articles in respect of Class B Shares).

The General Shareholders' Meeting is competent to decide on any matters which have been attributed to it either legally or by its articles and, in particular, for expository purposes, it shall be the only company body or organism competent to decide on the subjects considered to be "Extraordinary Matters" according to this section of these Articles.

2) Preference dividend. Each Class B Share entitles its holder to receive a minimum annual preference dividend debited to the distributable profit in each business year at the end of which the Class B Share continues to be issued equal to 0.01 euros per Class B Share.

3) Right of redemption. Each Class B Share entitles its holder to obtain its redemption in the event of a takeover bid for the full or partial amount of the company shares being made and liquidated (fully or partly) except if the owners of Class B Shares had been entitled to participate in that offer and their shares had been acquired in that offer in the same way and in the same terms as the owners of Class A Shares (including, with no limitations, for the same consideration).

4) Preferential liquidation right. Each Class B Share entitles its holder to receive, in the event of the Company's dissolution and liquidation, a sum equal to the sum of (i) the face value of the Class B Share and (ii) the issue premium paid up for issuing that Class B Share.

[E.4 State, where applicable, any measures adopted to encourage participation by shareholders at General Meetings.](#)

The General Meeting Regulations govern the following aspects:

- (i) The shareholder's right to information over the web page and the request for information beforehand (art. 9);
- (ii) Attendance by proxy (art. 11);
- (iii) Shareholders' involvement in the Meeting (art. 16);
- (iv) Split voting is allowed, in order for financial intermediaries legitimated as shareholders but acting on behalf of different clients to be able to cast their votes in accordance with the latter's wishes (art. 19);
- (v) The procedures for remote voting (art. 20); and
- (vi) Publishing the agreements adopted on the Company's web page (art. 23).

E.5 State whether the Chairman of the General Shareholders' Meeting coincides with the position of Chairman of the Board of Directors. Give details, where applicable, of any measures that may have been adopted in order to guarantee the independence and proper operation of the General Meeting:

YES

Details of the measures
<p>Article 13 of the General Meeting Regulations establishes that the Committee for the General Meeting shall be made up of the members of the Board of Directors attending the General Meeting, being presided over by the Chairman and in the presence of the Secretary of the Meeting. The General Meeting shall be presided over by the Chairman of the Board of Directors or by the Director properly standing in for this person in accordance with what is laid down in the Regulations of the Board of Directors. Failing this, it shall be presided over by the attending shareholder designated for this purpose by the shareholders. In the event of being judicially called, the post of Chairman shall be determined by the competent judge. The party acting as Secretary of the General Meeting shall be the Secretary of the Board of Directors or the Vice-secretary validly standing in for this person in accordance with what is laid down in the Regulations of the Board of Directors. Failing this, the Secretary shall be the attending shareholder who is appointed for this purpose by the shareholders. If the Chairman or the Secretary were to be absent from the meeting for any reason they shall be replaced in their functions by the persons indicated above.</p> <p>Finally, article 22 of the Regulations of the Board lays down that the Board of Directors may require the presence of a Notary to draw up the minutes of the Meeting, being obliged to do so whenever this is requested by shareholders representing at least one per cent (1%) of the share capital, five (5) days prior to the date on which the Meeting is intended to be held.</p>

E.6 State, where applicable, any changes made during the financial year to the Regulations of the General Shareholders' Meeting.

There have not been any modifications.

E.7 Give details of attendance at General Meetings held during the financial year covered by this report:

Details of attendance					
Date of General Meeting	% of attendance in person	% as proxy	% remote voting		Total
			Electronic voting	Others	

01/25/2011	1.530	71.970	0.000	0.000	73.500
05/24/2011	9.600	57.240	0.000	0.000	66.840
12/02/2011	1.730	71.180	0.000	0.000	72.910

E.8 Briefly describe the resolutions adopted at the General Shareholders' Meetings held in the financial year covered by this report and the percentage of votes with which each resolution was adopted.

At the Extraordinary General Shareholders' Meeting of 25th June 2011 each and all of the following resolutions were adopted:

One.- Increase of the share capital by a nominal sum of 8,700,000 euros, by means of issuing and putting into circulation (envisaging the possibility of incomplete subscription) 87,000,000 new Class B Shares without voting rights, of 0.10 euros face value each, and an issue premium which will be determined by the Board of Directors, with the express authority to delegate this power to any of its members, at the latest on the date of execution of the agreement and for an amount which shall in any event be from a minimum of 3.02 euros to a maximum of 9.17 euros issue premium per share. The new shares shall be fully subscribed and paid up by means of cash payments. Exclusion from the preferential subscription right. Modification of article 6 of the Corporate Articles and including a new article 6.b to adapt the Corporate Articles to the new class of shares with no voting rights. Delegation of powers to the Board of Directors, with the express power to delegate these to any of its members, to set the conditions for the increase in any matter not envisaged by the General Meeting, including adaptation of Corporate Article 6 (share capital). Application to the competent national and foreign bodies for admitting the new shares for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as the Stock Exchange Interconnection System (Continuous Market) and on the NASDAQ

Vote

In favor: 98.8614%

Abstentions: 0.7304%

Against: 0.4082%

Two.- Nomination of Directors. Increase in the number of members of the Board of Directors

Vote

In favor: 99.6433%

Abstentions: 0.2793%

Against: 0.0774%

Three.- Authorization for acquisition of its own shares on the secondary market, revoking and invalidating the previous authorization passed by the General Meeting on 21st June 2010

Vote

In favor: 97.7226%

Abstentions: 0.0005%

Against: 2.2769%

Four.- Delegation of powers for formalization and execution of the agreements passed by the General Meeting

Vote

In favor: 99.9273%

Abstentions: 0.0005%

Against: 0.0722%

At the Ordinary General Shareholders' Meeting of 24th May 2011 each and all of the following resolutions were adopted:

One.- Examination and approval, where applicable, of the annual accounts, the individual management report and the proposal for application of the result for the Company year closing as of 31st December 2010

Vote

In favor: 99.9655%

Abstentions: 0.0345%

Against: 50 shares

Two.- Examination and approval, where applicable, of the consolidated annual accounts and management report for the Company year closing as of 31st December 2010

Vote

In favor: 99.9472%

Abstentions: 0.0345%

Against: 0.0183%

Three.- Examination and approval, where applicable, of the work done by the Board of Directors during the financial year closing as of 31st December 2010

Vote

In favor: 99.7255%

Abstentions: 0.2306%

Against: 0.0439%

Four.- Reappointment of individual accounts auditors

Vote

In favor: 99.9800%

Abstentions: 0.0185%

Against: 0.0015%

Five.- Reappointment of consolidated accounts auditors

Vote

In favor: 99.9800%

Abstentions: 0.0185%

Against: 0.0015%

Six.- Modification of Corporate Articles

Article 18

Vote

In favor: 99.9968%
Abstentions: 00.0032%
Against: 0%

Article 24.3

Vote

In favor: 99.9968%
Abstentions: 00.0032%
Against: 0%

Seven.- Nomination and reelection of Directors

Nomination of Mr. Luis Isasi Fernández de Bobadilla

Vote

In favor: 99.7724%
Abstentions: 00.0331%
Against: 0.1945%

Reelection of Mr. Thomas Glanzmann

Vote

In favor: 99.7591%
Abstentions: 0.0331%
Against: 0.2078%

Determination of the number of members of the Board of Directors

Vote

In favor: 99.9542%
Abstentions: 0.0005%
Against: 0.0453%

Eight.- Approval of the remuneration of Directors

Vote

In favor: 99.9854%
Abstentions: 0.0031%
Against: 0.0115%

Nine.- Delegation of powers for formalization and execution of the agreements passed by the Meeting

Vote

In favor: 99.9997%
Abstentions: 0.0002%
Against: 0.0001%

At the Extraordinary General Shareholders' Meeting of 2nd December 2011 each and all of the following resolutions were adopted:

One.- Increasing the share capital by a nominal sum of 2,968,765.80 euros, by issuing and putting into circulation 29,687,658 new Class B Shares without voting rights of 0.10 euros face value each, with no issue premium, debited to voluntary reserves, in the proportion of 1 new Class B Share for each 10 old Class A or Class B Shares, envisaging the

possibility of incomplete allocation. Modification of article 6 of the Corporate Articles (Capital Social). Application to the competent national and foreign bodies for admitting the new shares for trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as on the Stock Exchange Interconnection System (Continuous Market) and on the NASDAQ

Vote

Class A Shares

In favor: 97.5743%

Abstentions: 0.1366%

Against: 2.2891%

Class B Shares

In favor: 90.4223%

Abstentions: 0.2105%

Against: 9.3672%

Two.- To confer to the Board of Directors, with the express authority to delegate this to any of its members, the power to increase the Company's share capital, as laid down in article 297.1.b) of the Spanish Corporate Enterprises Act, within the period legally allowed of five years from the date of holding this General Meeting, up to the maximum amount corresponding to 50% of the share capital at the time of this authorization, said increase to be able to be executed in one or several stages. Conferring to the Board of Directors, with express authority to delegate this power to any of its members, the power to exclude the preferential subscription right in the relevant capital increases, in accordance with article 506 of the Spanish Corporate Enterprises Act.

Vote

Class A Shares

In favor: 90.0789%

Abstentions: 0.0019%

Against: 9.9192%

Three.- Modification of the Corporate Articles.

3.1.- Modification of articles 1, 9, 13, 14, 16, 17.b, 23, 25, 26, 27, 28, 29, and 30 of the Corporate Articles in order to adapt their contents to the current Spanish Corporate Enterprises Act and to introduce certain qualitative improvements in their wording

3.2.- Including a new article 9.b in the Corporate Articles in order to incorporate the latest new items as regards the corporate web page introduced by the current Spanish Corporate Enterprises Act

3.3.- Modification of articles 22 and 22.b of the Corporate Articles in order to improve the flexibility of the system for calling meetings and the remote sessions of the Board of Directors and to adapt its wording to the new aspects brought in by the new Spanish Corporate Enterprises Act

Vote

Class A Shares

In favor: 99.9947%

Abstentions: 0.0034%

Against: 0.0019%

Four.- Modification of articles 5, 6, 7, 8, 9, 11, 12, 16, 19, and 20 of the Regulations of the General Shareholders' Meeting to adapt their contents to the current Spanish Corporate Enterprises Act and bring in certain qualitative improvements in the wording.

Vote

Class A Shares

In favor: 99.9827%

Abstentions: 0.0164%

Against: 0.0009%

Five.- Determination of the corporate web page in accordance with article 11.b of the Spanish Corporate Enterprises Act

Vote

Class A Shares

In favor: 99.9969%

Abstentions: 0.0025%

Against: 0.0006%

Six.- Delegation of powers for formalization and execution of the agreements passed by the General Meeting

Vote

Class A Shares

In favor: 99.9973%

Abstentions: 0.0027%

Against: 0%

E.9 State whether there is any statutory restriction in the articles establishing a minimum number of shares needed to attend the General Shareholders' Meeting.

NO

Number of shares necessary for attending the General Meeting	
---	--

E.10 State and explain the policies implemented by the Company with regard to granting proxies at General Shareholders' Meetings.

Right of representation (art. 11 General Meeting Regulations):

1. Any shareholder entitled to attend according to what is laid down in article 10 of the General Meeting Regulations above may be represented by someone else, even though this person were not a shareholder. In the event of representation being conferred to a legal person, the latter shall in turn have to designate a natural person to represent it, as laid down in the Law.

2. The proxy must be granted specifically for each Meeting, either in writing or by remote communication channels, on condition that the identity of the principal and the proxy is properly identified, as well as the content of the proxy being granted. The Company's web page shall include the procedures and requisites for granting remote representation.

3. Any natural shareholders who are not in full possession of their civil rights, as well as shareholders who are legal persons, shall be able to be represented by those holding legal powers of attorney, which shall have to be duly accredited.

4. The proxy shall always be revocable. Personal attendance of the shareholder represented at the Meeting shall entail automatic revocation of the proxy.

Public request for representation (art. 12 General Meeting Regulations):

1. Public requests for representation shall be governed by what is laid down in article 186 of the Spanish Corporate Enterprises Act. In the event of the Company being listed on a secondary official market, the limitations established in article 114 of the Securities Market Law as regards exercising voting rights by the proxy shall be respected.

2. In any event, the document in which the power of attorney is given must contain or have adjoined to it the agenda, as well as the request for instructions for exercising voting rights and a statement of how the proxy is to vote in the event of instructions not being given.

3. As an exception, the representative may vote differently when circumstances arise which were not known at the time of sending the instructions, entailing running a risk of harming the principal's interests. In the event of a vote not being cast as specified in the instructions, the proxy must immediately inform the principal by means of a letter explaining the reasons for the vote.

4. There will be understood to have been a public request for representation when the same person is representing over three (3) shareholders.

Remote voting (art. 20 General Meeting Regulations):

1. In accordance with what is laid down in the Corporate Articles, any shareholders entitled to attend may vote remotely, as regards the proposals included in the agenda, through the following media:

(a) by postal vote, by sending in the duly signed attendance card, proxy and/or remote vote with a statement of how they are voting;

(b) by electronic correspondence or other remote communication channels, in accordance with the instructions given on the Company's web page, on condition that the security of electronic communications is duly guaranteed and that the electronic document pursuant to which the voting right is being practiced incorporates a recognized electronic signature, as laid down in the Electronic Signature Law, or which, without meeting the requisites of the recognized electronic signature, is accepted as being sufficient by the Board of Directors through displaying suitable guarantees of authenticity and identification of the shareholder exercising his/her voting right.

2. The announcement calling the General Meeting shall contain the procedure, requisites and deadline for exercising remote voting rights.

3. A remote vote will not be valid if it is not received by the Company at least five (5) days prior to the date on which the General Meeting is intended to be held.

4. Any shareholders issuing their remote vote as stipulated in this article shall be considered to be present for purposes of constituting the Meeting. Any delegations previously issued shall consequently be understood to be revoked and any granted thereafter shall be taken as unmade.

5. In spite of the above, any vote issued remotely as referred to in this article shall be invalidated by the personal attendance of the shareholder at the meeting.

E.11 State whether the Company is aware of the institutional investor policy regarding their participation in the Company's decision-making process:

NO

E.12 State the address and means of accessing corporate governance content on the Company's website.

The address of the Company's webpage is www.grifols.com. Information on corporate governance can be accessed through the link Investors Relations on the main page, or directly at http://inversores.grifols.com/portal/grifols/home_page_investors.

F – DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the extent to which the Company follows the recommendations of the Unified Good Governance Code. If any of these are not complied with, explain the recommendations, regulations, practices or criteria that the Company applies.

1. The Corporate Articles of listed companies should not place any upper limit on the number of votes that can be cast by a single shareholder, or impose other restrictions hindering the takeover of the Company by means of purchasing its shares on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complied with

2. When a dominant and a subsidiary Company are stock market-listed, both should publicly disclose in detail:

a) The respective areas of work engaged in and possible business dealings between them, as well as those of the subsidiary Company listed with other Group companies;

b) Any mechanisms set up to settle any possible conflicts of interest that might arise.

See sections: C.4 and C.7

Not applicable

3. Even when not expressly required under Commercial Law, any decisions involving a structural corporate change should be submitted to the General Shareholders' Meeting, for approval or ratification, specifically the following ones:

- a) Turning the listed companies into holding companies by means of "subsidiarization" or assigning core activities that were previously carried out by the Company itself to subsidiaries, even when the former keeps full ownership over the latter;
- b) The acquisition or disposal of key operating assets that would effectively alter the Company's corporate purpose;
- c) Operations that effectively amount to the liquidation of the Company.

Complied with

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in recommendation 28, should be made known at the same time as publication of the announcement convening the Meeting.

Complied with

5. Separate votes should be held at the General Meeting on materially separate items, in order for shareholders to express their voting preferences separately in each case. This rule should be applied particularly:

- a) To the appointment or ratification of Directors, who should be individually voted;
- b) In cases of amendments to the Articles, for each article or Group of articles which are materially independent.

See section: E.8

Complied with

6. Companies should allow split votes, so that financial intermediaries acting as nominees on behalf of different clients can issue their votes according to their clients' instructions.

See section: E.4

Complied with

7. The Board of Directors should perform its duties with unity of purpose and independent judgment, giving the same treatment to all shareholders. It should at all times be guided by the Company's interest, understood as maximizing its economic value in a sustained fashion.

It should also ensure that the Company abides by laws and regulations in its dealings with stakeholders, fulfils its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business and upholds any additional social responsibility principles to which it has voluntarily subscribed.

Complied with

8. The Board should understand the core of its mission as being to approve the Company's strategy and the organization required to put this into practice, as well as to ensure and oversee that the Management complies with the goals set, while pursuing the Company's interests and corporate purpose. To this end, a plenary session of the Board should reserve the power to approve:

- a) The Company's general policies and strategies, and in particular:
 - i) The strategic or business plan, as well as the management targets and annual budget;
 - ii) The investments and financing policy;
 - iii) The definition of the structure of the Company Group;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;

- vi) The remuneration and performance assessment policy for senior management;
- vii) The risk control and management policy, as well as the regular monitoring of the internal information and control systems;
- viii) The Company's dividends and treasury stock policy and in particular its limits.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) At the proposal of the Company's chief executive, the appointment and possible dismissal of senior management, as well as their compensation clauses

See section: B.1.14

- ii) The remuneration of Directors, and, in the case of executive Directors, any additional remuneration for their executive functions and other conditions that must be met in their contracts

See section: B.1.14

iii) Any financial information that the Company must regularly disclose through its status as listed.

iv) Investments or operations of all kinds whose large amount or special characteristics mean that these have strategic importance, unless the General Meeting has to approve these;

v) The creation or acquisition of stock in concerns with special purposes or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency.

c) Operations carried out by the Company with Directors, significant shareholders or those represented on the Board or other persons linked with them ("related-party transactions").

This authorization of the Board shall not nevertheless be understood as being required in any related-party operations that simultaneously meet the following three conditions:

1. Ones carried out pursuant to contracts with standard conditions and applied on a large scale to a large number of clients;
2. Performed at prices or rates established on general terms by those supplying the goods or services in question;
3. Of an amount not exceeding 1% of the Company's annual income.

It is advisable for the Board to approve related-party operations only after a favorable report is issued by the Audit Committee or, where applicable, by any other to which the same function had been entrusted, and for the Directors involved, apart from not exercising nor delegating their voting right, to leave the meeting room while the Board discusses and votes on this.

It is recommendable for the powers attributed to the Board herein not to be delegated, except for the ones stated in points b) and c), which could be passed by the Delegate Committee for urgent cases, with later ratification by the plenary session of the Board.

See sections: C.1 and C.6

Partially complied with

Article 5 of the Regulations of the Board of Directors does not include either the dividends' policy or the Company's treasury stock and, in particular, its limits, in the Company's general policies and strategies.

9. The Board should have the right size to ensure effective operation and participation, which makes it advisable for this to comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Complied with

10. The proprietary and independent external Directors should constitute a broad majority of the Board, while the number of executive Directors should be the minimum required, taking into account the complexity of the corporate Group and the percentage of ownership interests in the Company capital that the executive Directors control.

See sections: A.2, A.3, B.1.3 and B.1.14

Complied with

11. In the event of there being any external Director who can neither be considered proprietary nor independent, the Company should explain this circumstance and this person's links with the Company or its senior management, or with its shareholders.

See section: B.1.3

Complied with

12. Among the external Directors, the ratio of proprietary and independent Directors should reflect the proportion between the capital of the Company represented by the proprietary Directors and the remainder of the capital.

This strict proportional criterion could be relaxed so that the weight of the proprietary Directors is greater than would actually correspond to the total percentage of capital that they represent:

1. In companies with high capitalization in which few or no equity holdings are legally considered significant, but where there are shareholders with stakes of a high absolute value.
2. When these are companies in which there is a plurality of shareholders represented on the Board but with no links between them.

See sections: B.1.3, A.2 and A.3

Complied with

13. The number of independent Directors should represent at least one third of the total number of Directors.

See section: B.1.3

Explain

There are three independent Directors. Steven Mayer and W. Brett Ingersoll would nevertheless be independent in accordance with the NASDAQ regulations. The Company is examining the possibility of incorporating further independent Directors.

14. The status of each Director should be explained by the Board at the General Shareholders' Meeting that is to make or ratify their appointment, and annually be confirmed or where applicable reviewed in the Annual Corporate Governance Report, after being verified by the Nominating Committee. Said report should also explain the reasons why proprietary Directors have been appointed at the request of shareholders whose stake is under 5% of the capital. It should state the reasons why, where applicable, they had not entertained formal requests for presence on the Board from shareholders whose stake is equal to or over that of others at whose request proprietary Directors had been appointed.

See sections: B.1.3 and B.1.4

Complied with

15. When the number of female Directors is low or non-existent, the Board should explain the reasons and initiatives adopted to correct this situation, and specifically the Nominating Committee should take measures, when new vacancies arise, to ensure that:

- a) the selection procedures do not involve any implicit bias hindering the selection of female candidates;
- b) the Company is making a conscious effort to seek women meeting the professional profile being sought and includes these among potential candidates.

See sections: B.1.2, B.1.27 and B.2.3

Partially complied with

The Board bases its proposals for appointment of Directors strictly on professional qualification criteria (skill, knowledge and experience).

16. The Chairman, as person in charge of proper operation of the Board, shall ensure that Directors are previously given sufficient information, stimulate discussion and active participation of the Directors during Board meetings, safeguarding their right to freely take a stance and express their opinion, and to organize and coordinate with the chairmen of the relevant Commissions the regular evaluation of the Board, as well as, where applicable, that of the CEO or chief executive.

See section: B.1.42

Complied with

17. When the Chairman of the Board is also the Company's chief executive, one of the independent Directors should be empowered to request calling Board meetings or including new items on the agenda; to coordinate and reflect the concerns of external Directors, and to lead the Board's appraisal of its Chairman.

See section: B.1.21

Complied with

18. The Secretary of the Board should take care to ensure that the Board's actions:

- a) Adhere to the spirit and letter of the Laws and their regulations, including the ones issued by regulatory agencies;
- b) Comply with the Corporate Articles and with the regulations of the General Shareholders' Meeting, the Board of Directors and any others;
- c) Take into account the recommendations on good governance given in this Unified Code which the Company had accepted.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nominating Committee and approved by the Board in a plenary session; the relevant appointment and removal procedure should be stated in the Regulations of the Board.

See section: B.1.34

Complied with

19. The Board should meet with the frequency required to properly perform its functions, in line with the schedule of dates and agendas set at the beginning of the year, each Director being able to propose further points on the agenda not previously arranged.

See section: B.1.29

Complied with

20. Absences of Directors should be kept down to unavoidable cases and be quantified in the Annual Corporate Governance Report. If their vote needs to be delegated, this should be done with instructions.

See sections: B.1.28 and B.1.30

Complied with

21. When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the Board meeting, a record of these should be made in the minutes at the request of the person expressing these.

Complied with

22. The Plenary session of the Board should assess once a year:

- a) The quality and efficiency of the Board's operation;
- b) Starting from a report submitted by the Nominating Committee, the performance of the Chairman of the Board and chief executive of the Company;
- c) The performance of its Committees, starting from the reports supplied by these.

See section: B.1.19

Complied with

23. All the Directors should be able to exercise the right to obtain any further information that they may deem fit on matters within the Board's competence. Unless the Corporate Articles or the Regulations of the Board provide otherwise, any such requests should be addressed to the Chairman or the Secretary of the Board.

See section: B.1.42

Complied with

24. All the Directors should be entitled to obtain advice required for performance of their functions from the Company. The Company should provide suitable channels for exercising this right, which may in special circumstances include external advice at the Company's expense.

See section: B.1.41

Complied with

25. Companies should set up a guidance program to provide new Directors with fast and sufficient knowledge of the Company, as well as its corporate governance rules. Companies should also provide Directors with schemes for updating knowledge when circumstances make this advisable.

Complied with

26. Companies should require their Directors to devote the necessary time and effort to their function to perform this effectively and consequently:

- a) The Directors should inform the Nominating Committee of any other professional obligations they may have in case these might interfere with the dedication required;
- b) Companies should lay down rules on the number of boards which they Directors may sit on.

See sections: B.1.8, B.1.9 and B.1.17

Complied with

27. The proposal for the appointment or reappointment of Directors which the Board submits to the General Shareholders' Meeting, as well as any provisional appointments by the co-optation method should be approved by the Board as follows:

- a) At the proposal of the Nominating Committee, in the case of independent Directors.
- b) Subject to a report from the Nominating Committee in all other cases.

See section: B.1.2

Complied with

28. Companies should publish the following details about their Directors on their web page, and keep this information updated:

- a) Professional and biographical profile;
- b) Other Boards of Directors to which they belong, whether these are of listed companies or not;
- c) A statement of the Director's classification and, in the case of proprietary Directors, stating the shareholder that they represent or with whom they have links.
- d) Date of their first and any subsequent appointments as a Company Director, and
- e) Shares held in the Company and any options over these belonging to them.

Complied with

29. Independent Directors should not continue to have this status for a continuous period of more than 12 years.

See section: B.1.2

Complied with

30. Proprietary Directors should resign when the shareholders that they represent sell their entire ownership interest. They should also do so, in the proportional amount, when any such shareholder reduces their stake to a level which requires a reduction in the number of their proprietary Directors.

See sections: A.2, A.3 and B.1.2

Complied with

31. The Board of Directors should not propose the removal of independent Directors before the expiry of the term of office for which they were statutorily appointed, except when the Board considers there is just cause for this after a report has been issued by the Nominating Committee. There will specifically be presumed to be just grounds when the Director had breached the duties imposed by his or her post or comes under any of the circumstances described in point 5 of section III of the definitions in this Code.

The removal of independent Directors may also be proposed as a result of a takeover bid, merger or similar corporate operation entailing a change in the Company's capital structure, when any such changes in the structure of the Board are brought about by the proportionality criterion stated in recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complied with

32. Companies should establish rules obliging Directors to inform the Board and, where applicable, resign in any cases which may threaten the creditworthiness and reputation of the Company and specifically be obliged to inform the Board of any criminal cases in which they are charged as well as the progress of any later hearings.

Should a Director have charges brought against him or her or when a judge's order for hearing to commence is issued for any of the offenses listed in article 124 of the Spanish Limited Companies Law, the Board shall examine the case as soon as possible and, in view of the specific circumstances, decide whether it is appropriate or not for the Director to continue serving in his or her post. The Board shall describe all these circumstances with proper reasoning in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complied with

33. All the Directors should clearly express their opposition when they consider that a proposal submitted for the Board's approval may go against corporate interests. This should also be done, particularly by independent and other

Directors who are not affected by the conflict of interest, when these are decisions which might harm the shareholders not represented on the Board.

When the Board adopts significant or repeated resolutions on which the Director had expressed serious reservations, the latter should come to the relevant conclusions and, if he or she opted for resigning, should explain the reasons in the letter referred to in the next recommendation.

This recommendation also covers the Secretary of the Board, whether or not this person is a Director.

Complied with

34. When a Director gives up his/her post prior to the end of his/her term of office, either through resignation or for other reasons, the reasons for this should be explained in a letter sent to all the members of the Board. The grounds for the removal should be stated in the Annual Corporate Governance Report, irrespective of whether such removal is classified as a significant event.

See section: B.1.5

Complied with

35. The remuneration policy approved by the Board should specify at least the following points:

a) The amount of the fixed components, itemized where necessary, of the attendance fees for the Board and its Committees and an estimation of the annual fixed remuneration to which this gives rise;

b) Any variable remuneration components, including in particular:

i) Types of Directors to whom this applies, as well as an explanation of the relative importance of variable remuneration items in respect of the fixed ones.

ii) Criteria for assessment of results used as the basis for any entitlement to remuneration in shares, stock options or any other variable component;

iii) The main parameters and basis of any annual bonus system or other benefits not paid in cash; and

iv) An estimation of the sum total of the variable remuneration to which the remuneration scheme proposed would give rise, according to the degree of compliance with the hypotheses or targets taken as a reference.

c) The main characteristics of benefit schemes (for example, supplementary pensions, life insurance and similar arrangements) with an estimation of the amount involved or equivalent annual cost.

d) The conditions to apply to contracts of senior management such as executive Directors, these to include:

i) Duration;

ii) Advance notice periods; and

iii) Any other clauses as regards engagement bonuses, as well as compensation or "golden parachutes" for early cancellation or termination of the contractual relationship between the Company and the executive Director.

See section: B.1.15

Complied with

36. Remuneration involving the delivery of shares in the Company or Group companies, stock options or other share-based instruments, variable remuneration linked to the Company's performance or benefit schemes should be restricted to executive Directors.

The delivery of shares shall not be covered by this limitation, when Directors are obliged to keep these until the end of their term of office.

See sections: A.3 and B.1.3

Complied with

37. External Directors' remuneration should be as required to compensate them for the dedication, skills and responsibilities entailed by the post, but not so high as to compromise their independence.

Complied with

38. Any remuneration linked with the Company's earnings should be subject to deductions calculated for any qualifications stated in the external auditors' report.

Complied with

39. In the case of variable remuneration, the remuneration policies should include technical safeguards required to ensure that these reflect the professional performance of their beneficiaries and not stem simply from the general development of the markets or of the Company's sector or other similar circumstances.

Complied with

40. The Board should submit a report on the Directors' remuneration policy to a vote of the General Shareholders' Meeting, as a separate point on the agenda. This report should be made available to the shareholders, either separately or in any other way that the Company may consider appropriate.

This report shall in particular focus on the remuneration policy that the Board has approved for the current year as well as, where applicable, the one planned for future years. It will address all the points referred to in recommendation 35, except the ones which might entail the disclosure of commercially sensitive information. It should stress the most significant changes in said policies with respect to the one applied the previous year referred to at the General Meeting. It shall also include an overall summary of how the remuneration policy was applied over said previous year.

The role played by the Remuneration Committee in preparing the remuneration policy should be reported at the Board meeting, as well as the identity of any external consultants if any external advice had been sought.

See section: B.1.16

Explain

During the business year ending as of 31st December 2011, the remunerations policy was determined on the Board of Directors level. As regards business year 2012, in accordance with article 61.3 of the Spanish Securities Market Law, the Nominating and Remuneration Committee will draw up an annual report on the remuneration of Directors, the Company's remuneration policy, the overall summary of how the remunerations policy was applied during the business year, where applicable, as well as the breakdown of the individual remuneration earned by each of the Directors. The report will be disseminated and put to the vote, on consultative terms, and as a separate point on the agenda, at the Ordinary General Shareholders' Meeting of 2012.

41. The Report (accompanying notes) should give details of the individual remuneration of the Directors during the financial year and include:

- a) A breakdown of the remuneration of each individual Director, to include where applicable:
 - i) Attendance fees and other fixed remuneration as a Director;
 - ii) Any additional remuneration as a chairman or member of one of the Board's Committees;
 - iii) Any payments made pursuant to profit-sharing or bonus schemes, and the grounds for paying these;
 - iv) Contributions made on the Director's behalf to defined benefit pension schemes, or any increase in the Director's vested rights in the case of contributions to defined benefit schemes;
 - v) Any compensation that may be agreed or paid as severance pay;
 - vi) Any remuneration collected as a Director of other companies in the Group;

- vii) The remuneration that executive Directors receive for performance of senior management functions;
 - viii) Any kind of compensation other than the ones listed above, whatever its nature and the Group entity paying this may be, especially when it may be considered to be a related-party transaction or when its omission would distort the true image of the total remuneration received by the Director.
- b) An individual breakdown of any possible deliveries to Directors of shares, stock options or other share-based instruments, detailing:
- i) The number of shares or options awarded in the year and the conditions set for exercising these;
 - ii) Number of options exercised during the year, stating the number of shares involved and the exercise price;
 - iii) Number of options not yet exercised at the year end, stating their price, date and other exercising requisites;
 - iv) Any modification during the year in the terms for exercising any options already granted.
- c) Information on the ratio in the previous year between the remuneration obtained by executive Directors and the results or other means of assessing the Company's performance.

Explain

The Board of Directors considers that the disclosure of the salaries paid to executive Directors for their services affects their privacy.

42. When there is a Delegate or Executive Committee (hereinafter known as "Delegate Committee"), the participation structure of the different types of Directors should be similar to that of the Board itself and its secretary should be the Secretary of the Board.

See sections: B.2.1 and B.2.6

Not applicable

43. The Board should be kept fully informed of the business done and the decisions taken by the Delegate Committee and all the members of the Board should receive a copy of the minutes of the Delegate Committee's sessions.

Not applicable

44. As well as the Audit Committee required pursuant to the Securities Market Law, the Board of Directors should form from its members a Committee or two separate Committees for Nominations and Remunerations.

The rules governing the composition and operation of the Audit Committee and the Nominating and Remunerations Committee or Committees should be stated in the Regulations of the Board, and include the following:

- a) The Board should appoint the members of these Committees with regard to the knowledge, skills and experience of the Directors and the purpose of each Committee; it should discuss their proposals and reports and be responsible for answering for their activity and the work done at the first plenary session of the Board following their meetings;
- b) These Committees should be formed exclusively of external Directors, with a minimum of three. The above is understood not to affect the attendance of executive Directors or senior management, when this is expressly agreed by the members of the Committee.
- c) The Chairpersons of such Committees should be independent Directors.
- d) They may seek external advice when this is felt to be necessary for performance of their duties.
- e) Minutes of each meeting should be drawn up, a copy of which should be sent to all members of the Board.

See sections: B.2.1 and B.2.3

Complied with

45. Supervision of compliance with internal codes of conduct and corporate governance rules should be performed by the Audit Committee, the Nominating Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

Complied with

46. Members of the Audit Committee, and in particular its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management.

Complied with

47. Listed companies have an internal audit function, under the supervision of the Audit Committee, to ensure proper operation of the information and internal control systems.

Complied with

48. The person in charge of the internal audit function should submit an annual work program to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Complied with

49. Control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputation...) which the Company is exposed to, including contingent liabilities and other off-balance sheet risks among the financial or economic risks;
- b) Determination of the risk level that the Company sees as acceptable;
- c) Measures intended to mitigate the impact of risks identified, should these materialize;
- d) The internal information and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See sections: D

Complied with

50. The Audit Committee's functions should be:

1. In respect of internal control and reporting systems:

- a) To supervise the preparation process and monitor the integrity of the financial information on the Company and, where applicable, the Group, and to verify compliance of regulatory requirements, appropriate limitation of the consolidation perimeter and proper application of accounting principles.
- b) Regularly reviewing the internal monitoring and management of risks, so that the main risks can be identified, handled and properly made known.
- c) Ensuring the independence and efficiency of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the budget for such service; receiving regular information on its activities; and checking that the senior management takes the conclusions and recommendations of its reports into account.
- d) To establish and oversee a mechanism that enables employees to communicate – confidentially and where considered appropriate, anonymously – any possible important irregularities that they may observe in the Company, particularly those of financial and accounting nature.

2. As regards the external auditor:

- a) To submit to the Board any proposals for selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.
- b) To regularly receive information from the external auditor on the auditing plan and the results of its implementation and to make sure that the senior management is acting on its recommendations.
- c) To ensure the independence of the external auditor, and for this purpose:
 - i) For the Company to inform the CNMV (Spanish Stock Exchange Commission), as a relevant fact, of the change of auditor and to adjoin a declaration on the possible existence of disagreements with the outgoing auditor, and if there were any, of their content.
 - ii) The Committee should ensure that the Company and the auditor adhere to current regulations on rendering services other than auditing, the limits to concentration of the auditor's business and in general any other requirements in force to ensure the auditors' independence;
 - iii) In the event of the external auditor resigning, to examine the circumstances which had given rise to this.
- d) In the case of groups, helping to ensure that the Group auditor also assumes responsibility for the audits of individual companies in the Group.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complied with

51. The Audit Committee may order any employee or Director of the Company to appear before them and even do so without the presence of any other Director.

Complied with

52. The Audit Committee shall inform the Board, prior to the latter's adopting the relevant decisions, on the following matters indicated in recommendation 8:

- a) Any financial information that the Company must regularly disclose through its status as listed. The Committee must ensure that the interim accounts are drawn up with the same accounting criteria as the annual statements and may ask the external auditor to perform a limited review for this purpose.
- b) The creation or acquisition of stock in concerns with special purposes or registered in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature whose complexity means that they might harm the Group's transparency.
- c) Related-party operations, unless this preliminary reporting function had been assigned to another supervision and control Committee.

See sections: B.2.2 and B.2.3

Complied with

53. The Board of Directors should attempt to submit the annual accounts to the General Shareholders' Meeting with no reservations or qualifications in the auditing report and in exceptional cases of any of these existing, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of said reservations or qualifications.

See section: B.1.38

Complied with

54. Most of the Nominating Committee, or Nominating and Remuneration Committee if these were a single body, should be independent Directors.

See section: B.2.1

Complied with

55. The Nominating Committee should have the following functions in addition to the ones stated in earlier recommendations:

- a) Evaluating the skills, knowledge and experience necessary on the Board and defining the functions and abilities necessary for the candidates to fill each vacancy, and assess the time and dedication required for them to perform their duties properly.
- b) Examining or organizing, as it may deem appropriate, the succession of the Chairman and chief executive, making recommendations to the Board so the succession takes place in a well-organized and orderly manner.
- c) Reporting on the appointments and removals of senior management that the chief executive proposes to the Board.
- d) Reporting to the Board on any gender diversity issues as indicated in recommendation 14 of this Code.

See section: B.2.3

Partially complied with

The Board bases its proposals for appointment of Directors strictly on professional qualification criteria (skill, knowledge and experience).

56. The Nominating Committee should consult with the Chairman and the chief executive of the Company, especially on matters concerning executive Directors.

Any Director may ask the Nominating Committee to take into consideration potential candidates to fill directorship vacancies, in case it considers these appropriate.

Complied with

57. The Remuneration Committee should have the following functions apart from the ones indicated in the previous recommendations:

- a) Proposing to the Board of Directors:
 - i) The remuneration policy for Directors and senior management.
 - ii) The individual remuneration and other contractual conditions of executive Directors.
 - iii) The standard conditions for senior management employment contracts.
- b) Monitoring compliance with the remuneration policy established by the Company.

See sections: B.1.14 and B.2.3

Complied with

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters connected with executive Directors and senior management.

Complied with

G – OTHER INFORMATION OF INTEREST

If you consider that there is any relevant principle or aspect connected with the corporate governance practices applied by your Company which has not been covered by this Report, please mention and explain this below.

Include in this section any other information, explanation or qualification connected with the previous sections of the report, insofar as these are relevant and not reiterative.

Specifically state whether the Company is subject to any legislation other than Spanish law as regards its corporate government and, where applicable, include the information that you are obliged to supply other than what is required herein.

Binding definition of independent Director:

State whether any of the independent Directors has or has had any relation with the Company, its significant shareholders or its Directors, which, had this been sufficiently significant or important, would have meant that the Director could not be considered as being independent in accordance with the definition given in section 5 of the Unified Good Governance Code:

NO

Date and signature:

This corporate annual governance report has been approved by the Company's Board of Directors, at its session held on

02/22/2012

State whether there were any Directors who had voted against or abstained as regards the approval of this Report.

NO