



## **REWORDED ARTICLES OF ASSOCIATION**

### **"TERRA NETWORKS, S.A."**

#### **TITLE ONE - NAME, ACTIVITY, REGISTERED OFFICE AND DURATION**

##### **Article 1**

The Company is known as "TERRA NETWORKS, S.A." and shall be governed by these Articles and, where not determined and provided for herein, by the Joint-Stock Companies Act and other legal provisions applying to it.

##### **Article 2**

The activity of the Company is to undertake actions and provide services in the field of telecommunications, information and communication; in particular, it shall be able to undertake activities related to the Internet and whatsoever other networks, including activities of access, activities of production, distribution and/or exhibition of its own contents or those of others, portal activities, activities of electronic commerce and whatsoever others which might arise in this area in the future, all this for attending to the needs of the market.

The aforementioned activities shall be able to be undertaken directly or in collaboration with other juridical entities.

The Company shall be able to concern itself without any reservation or limitation whatsoever to all manner of businesses which directly or indirectly help in the carrying out of the activities constituting its chartered activity as defined in the broadest terms on this article.

The stated activities shall be exercised subject to the legal provisions having application in their field and having previously obtained the administrative authorisations or licences or those of any other nature that might be necessary, as the case might be.

All actions making up the chartered activity shall be able to be undertaken both within Spain and abroad, and the Company may undertake them itself or by means of involving itself in the activities of other companies having an analogous activity whose foundation or creation it shall be able to promote or in whose capital it shall be able to participate.



### **Article 3**

The company registered office is determined as being at Calle Nicaragua 54, Barcelona.

The Board of Directors of the Company shall be able to agree to the establishment of branches, agencies and delegations, both in Spain and abroad, subject to the legal requisites that can be demanded in each case, being able also to agree to their closure or removal.

The Board of Directors may likewise agree to move the company registered office within the same municipal district.

### **Article 4**

The duration of the Company shall be indefinite and it shall commence its operations on the date on which its founding articles of association are formalised.

## **TITLE TWO – SHARE CAPITAL AND SHARES**

### **Article 5**

The share capital is 1,149,883,026 euros and is fully subscribed and paid up.

### **Article 6**

The share capital is divided into 574,941,513 shares, each with a par value of two (2) euros, consisting of a single class and series, represented by means of account entries.

The Company shall acknowledge the shareholder as being whoever appears as legitimated in the entries of the corresponding accounts books.

All the shares confer on their legitimate holder the status of partner and attribute to him or her the rights acknowledged in Law and in these Articles. Notwithstanding this, the Company shall be able to issue shares without voting rights under the conditions and respecting the limits and requisites established by law.



### **TITLE THREE – ORGANS OF THE COMPANY**

#### **Article 7**

The organs of the Company are the Shareholders' General Meeting, as the supreme deliberating organ in which the corporate will is manifested by majority decision in matters of its competence, and the Board of Directors, to which correspond the management, administration and representation of the Company with the powers attributed to it by Law and by these Articles.

#### **Article 8**

The shareholders, legally and validly constituted into a General Meeting, shall decide by a majority on the subjects proper to the competence of the Meeting.

All partners, including dissenters and those who have not taken part in the meeting, are subject to the resolutions of the General Meeting, notwithstanding the right to challenge them corresponding to any shareholder in the cases and with the requisites provided for in Law.

#### **Article 9**

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

The ordinary General Meeting, previously convened for the purpose, shall necessarily be held within the first six months of each economic year, in order to decide on the company management, approve as appropriate the accounts for the previous year and resolve on the application of the result in accordance with the approved balance sheet.

Any General Meeting other than that provided for in the previous paragraph shall have the consideration of being an Extraordinary General Meeting, and must be held whenever the Board of Directors considers it appropriate for the interests of the Company and, in all cases, whenever it is requested by a number of partners holding at least 5 percent of the share capital, stating in the request the subjects to be dealt with in the Meeting. In this latter case, the Meeting must be convened for being held within thirty days following the date on which the Board of Directors has been required to convene it, and the agenda must include at least the subjects that were the object of the request.

#### **Article 10**

General Meetings, both ordinary and extraordinary, must be convened by means of



an announcement published in the Official Mercantile Register Gazette and in at least one of the large circulation daily newspapers for the Province in which the Company has its registered office, at least fifteen days in advance of the date set for the meeting in first convocation. The announcement must state all the subjects which have to be dealt with. It may also state the date on which the Meeting is to be held in second convocation, as appropriate, with a period of at least twenty-four hours having to pass between the two meetings.

General Meetings, both ordinary and extraordinary, shall deal with all the subjects stated in the convocation.

The Ordinary General Meeting shall be able to deal with whatsoever type of subject, even if it is not among those which the Law specifically attributes to it.

Notwithstanding the provisions of the above paragraphs, a General Meeting shall be able to be held and any subject discussed therein, without the need for prior convocation, if all the share capital is present and attendants unanimously accept to hold it.

#### **Article 11**

The ordinary or extraordinary General Meeting shall be validly constituted in first convocation when the shareholders present or represented possess at least 25 percent of the subscribed capital with voting rights. In second convocation, the constitution of the Meeting shall be valid no matter how much capital is attending it.

Notwithstanding the provisions of the above paragraph, for the ordinary or extraordinary General Meeting to be able to validly agree on the issue of bonds, capital increase or decrease, the transformation, merger, de-merger, dissolution of the Company due to the cause provided for in article 260, section 1, of the reworded text of the Joint-Stock Companies Act and, in general, any modification to the Company Articles of Association, it must be attended in first convocation by shareholders present or represented possessing at least 50 percent of the subscribed capital with voting rights; in second convocation, the attendance of 25 percent of that capital shall suffice. When shareholders are in attendance representing less than 50 percent of the subscribed capital with voting rights, the resolutions to which this paragraph refers may only be validly adopted with the vote in favour of two thirds of the capital present or represented in the Meeting.

#### **Article 12**

The General Meeting shall be able to be attended by all shareholders who, whether individually or grouped with others, hold at least 25 shares.

It shall be a requirement for attending the General Meeting that the shares be

entered into the corresponding share register book five days in advance of the date on which the Meeting is to be held.

Notwithstanding the attendance of corporate body shareholders via those who hold their representation, any shareholder having the right to attend shall be able to be represented in the General Meeting by another person, even if the latter is not a shareholder. The representation must be conferred in writing specially for each Meeting. That set down in article 108 of the Joint-Stock Companies Act shall in all cases be respected.

The Directors must attend General Meetings. They may also be attended by Executives, Managers, Attorneys, Technical Experts and other persons who, in the opinion of the Chairman of the Meeting, should be present therein due to having an interest in the satisfactory progress of corporate affairs. The Chairman of the Meeting shall in principle be able to authorise the attendance of any other person whom he considers appropriate, though the Meeting shall be able to revoke this latter authorisation.

### **Article 13**

The Chairman of the Board of Directors shall chair the Shareholders' General Meeting. The Chairman shall be assisted by the Secretary who shall be that for the Board of Directors.

Prior to entering into the agenda, the Secretary shall draw up a list of attendants, stating the nature or representation of each of them and the number of shares with which they attend. At the end of the list, the number of shareholders present or represented shall be determined along with the number of shares and percentage of the capital which they hold.

The list of attendants may be attached to the Minutes by means of an annexe signed by the Secretary and passed by the Chairman. The list of attendants may also be drawn up in the form of a file and be incorporated into a computer storage medium, in which case the Minutes shall state the medium used and the sealed cover of the file or medium shall contain the appropriate note of identification signed by the Secretary and passed by the Chairman.

The Chairman shall direct the discussions, granting the floor in rigorous order to all shareholders who have requested it in writing, after which he shall hand the floor over to those requesting it verbally.

Each of the items forming part of the agenda shall be put to a separate vote. Resolutions shall be adopted by a majority of shares present or represented in the Meeting, apart from the cases referred to in the final paragraph of article 11 herein, in which the vote of favour of two thirds of the capital present or represented in the Meeting shall be necessary.

Each share having the same par value shall give the right to one vote, with the principle of proportionality between the par value of the shares and the right to vote at all times being respected in the case of shares having different par value.

#### **Article 14**

The discussions and resolutions of General Meetings, both ordinary and extraordinary, shall be recorded in Minutes drawn up or transcribed in a special Minutes Book and shall be signed by the titular Chairman and Secretary or by whoever acted as such during the meeting under consideration. The Minutes shall be able to be approved by the Meeting itself after it has been held or otherwise within a period of fifteen days by the Chairman and two Proxies, one nominated by the majority and the other by the minority.

The Directors, at their own initiative if they so decide or necessarily so when requested in writing by certified means at least five days in advance of holding the meeting in first convocation, by shareholders representing at least 1 percent of the share capital, shall request the presence of a Notary Public for drawing up the Minutes of the Meeting, with the fees for the chosen Notary Public being borne by the Company. The Notarised Minutes shall have the consideration of being Minutes of the Meeting.

#### **Article 15**

The management, administration and representation of the Company, in court and without, and in all acts forming part of the chartered activity, correspond to the Board of Directors, which shall act in a collegiate manner, notwithstanding the delegations and authorisations which it might confer.

#### **Article 16**

The Board of Directors shall be made up of a number of Directors which shall be no fewer than 3 nor greater than 15 members.

The determination of the specific number of Directors who have to make up the Board at any moment shall correspond to the Shareholders' General Meeting, though at all times within the minimum and maximum referred to in this article.

Persons having an interest opposed to that of the Company may not be appointed Director, nor may those who are bound by any situation of disqualification, incompatibility or prohibition set down in the legal provisions in force.

For the election of members of the Board, the provisions contained in article 123 et seq. of reworded text of the Joint-Stock Companies Act and complementary rules shall be applied.

It shall not be necessary to be a shareholder in order to be elected member of the Board, apart from in the case of appointment by provisional co-option made by the Board itself, in accordance with the provisions of article 138 of the reworded text of the said Act.

The Directors shall be appointed for a term of five years, though they may be re-elected by the General Meeting on one or more occasions for periods of equal duration.

The removal of Directors shall be able to be agreed by the General Meeting at any moment.

### **Article 17**

The Board shall meet when so required by the interests of the Company and necessarily so within the first three months of each accounting year in order to draw up the accounts for the previous year and the management report, and whenever the Shareholders' General Meeting has to be convened, unless this is Universal.

It shall be convened by the Chairman or by whoever stands in for him, at his own initiative and necessarily so in the cases to which the previous paragraph refers or whenever a Board meeting has been requested by at one third of active Directors.

Board meetings shall be chaired by the Chairman of the Board; in his absence it shall be chaired by one of the Vice-Chairmen, and in the absence of both, by the oldest Director. If the Secretary does not attend, the Vice-Secretary shall stand in for him, or in his absence the youngest Board Member among those attending the respective meeting.

The Board shall be considered validly constituted when the meeting is attended, either present or represented, by a half plus one of its members. Any Director may confer his representation on another Director in writing, expressly for the meeting under consideration. In order to adopt resolutions, the vote in favour of an absolute majority of Directors attending the meeting shall be necessary, apart from in the case of permanent delegation of any power of the Board of Directors in the Delegate Committee or in the Managing Director and the designation of the Directors who are to hold those posts, which shall require the vote in favour of two thirds of Board members.

Voting in writing and without meeting shall only be admitted when no Director is opposed to this procedure.

The discussions and resolutions of the Board shall be set down in a Minutes Book and each set of Minutes shall be signed by the Chairman and the Secretary or by whoever stood in for them in the meeting to which the Minutes refers. In the case of



voting in writing and without meeting, the resolutions adopted and the votes issued in writing shall also be entered into the Minutes Book.

### **Article 18**

The Board of Directors shall have the broadest powers for administrating, managing and representing the Company in court and without, and in all the acts included in the charted activity defined in these Articles.

An exception is made of the powers that legally correspond to the Shareholders' General Meeting.

The Board shall appoint the Chairman from among its members and it shall also appoint the Secretary, who need not be a Director. Likewise, it shall be able to designate one or more Vice-Chairmen from among the Directors, and it can designate a Vice-Secretary who also need not be a Director. The Vice-Chairman and the Vice-Secretary shall stand in for the Chairman and Secretary, respectively, in the event of their absence or illness.

### **Article 19**

Subject to the legal provisions in force, the Board of Directors may delegate its powers and duties to a Delegate Committee made up 3 to 9 Directors, with the composition and system of functioning which the Board itself determines.

The Chairman of the Delegate Committee, and as the case might be the Vice-Chairmen, and its Secretary, and as the case might be the Vice-Secretary, shall be those who hold those posts on the Board of Directors.

The stipulations set down for the Board of Directors in article 17 herein shall be applicable to the Delegate Committee as appropriate.

### **Article 19 bis**

1. Within the Board of Directors an Audit and Control Committee shall be established, composed of a minimum of three and a maximum of five Directors designated by the Board. All members of this Committee shall be non-executive Directors.

2. The Chairman of the Audit and Control Committee shall be nominated by the Committee itself from among its members, and he must be replaced every four years, though he shall be able to be re-elected once a period of one year has passed since his removal.

3. The Audit and Control Committee shall have at least the following powers:



- (i) via its Chairman, to report to the Shareholders' General Meeting on questions raised by shareholders in that Meeting concerning matters that are the competence of the Committee;
- (ii) to propose to the Board of Directors, for being submitted to the Shareholders' General Meeting, the designation of the Accounts Auditor to which article 204 of the Joint-Stock Companies Act refers, and also, as the case might be, his contracting conditions, the scope of his professional mandate and the revocation or renovation of his appointment;
- (iii) to supervise the internal audit services;
- (iv) to be familiar with the financial information process and internal systems of control; and
- (v) to maintain relations with the Accounts Auditor in order to receive information on those questions which could pose a risk to the independence of the latter, along with whatsoever other matters related to the process of conducting the accounts audit, and also to receive information and maintain with the Accounts Auditor the communications provided for in the legislation of accounts auditing and in the technical rules on auditing.

4. The Committee shall meet at least once a quarter and whenever appropriate, following its convocation by the Chairman, at his own decision or in response to a request from two of its members or from the Delegate Committee.

5. The Audit and Control Committee shall be validly constituted with the attendance, either directly or by means of representation, of at least half of its members; and its resolutions shall be adopted by a majority of attendants. In the event of a tie, the Chairman shall have the casting vote.

6. The Board of Directors shall be able to develop and complete the above rules in its Regulations, in conformity with the provisions contained in these articles and in Law.

### **Article 20**

1. Payments for Directors shall consist of a fixed monthly emolument, the sum of which shall be decided by the Shareholders' General Meeting for each year or with the validity for the years established by the Meeting itself.

The Shareholders' General Meeting shall also be able to allocate allowances for attending meetings of the Board of Directors and of its Delegate and Consultative Committees, and to determine their sum.

2. In addition, and independently of the emolument considered in the above section, provision is made for the establishment of systems of remuneration referenced to the quotation value of the shares or which involve the awarding of shares or of option rights on them for Directors. The application of such systems of remuneration must be agreed by the Shareholders' General Meeting, which shall determine the value of the shares taken as reference, the number of shares to be awarded to each Director, the price of exercising the option rights, the period for this which system of remuneration is to last and other conditions that it considers appropriate.

Also, and with prior compliance of the legal requisites, it shall be able to establish similar systems of remuneration for personnel – whether or not managerial – of the Company.

3. The remunerations provided for in the above sections deriving from belonging to the Board of Directors shall be compatible with other professional fees or job salaries which might correspond to the Directors on account of any other executive or advisory functions which, as appropriate, they perform for the Company apart from those of collegiate supervision and decision inherent to their status of Directors, which shall be subjected to the legal regime applicable to them.

## **TITLE FOUR – CORPORATE ACCOUNTING YEAR, ACCOUNTING DOCUMENTS AND DISTRIBUTION OF PROFITS**

### **Article 21**

The corporate accounting year starts on 1 January and ends on 31 December of each calendar year.

### **Article 22**

Within a maximum period of three months, starting from the close of the corporate accounting year, the Board of Directors must draw up the annual accounts, including the balance sheet, the profit and loss account, the annual report, the management report and the proposal for application of results and, as the case might be, the consolidated management report, in conformity with the assessment criteria and with



the structure demanded by Law.

These documents, which must be signed by all Administrators with an express statement of the reason for the omission of the signature of any one of them, shall as appropriate be submitted for review by the accounts auditor or auditors appointed in the manner, for the periods and with the duties provided in Law for verifying the annual accounts. When appointing the person or persons who are to conduct the audit, the General Meeting shall determine their number and the period of time during which they are to perform those duties.

### **Article 23**

The annual accounts having been approved as appropriate by the General Meeting, they shall be presented for being deposited in the Mercantile Register corresponding to the registered office of the company, in the manner, period and in accordance with the provisions of the Joint-Stock Companies Act and the Mercantile Register Regulations.

### **Article 24**

The General Meeting shall resolve on the application of the result for the accounting year in accordance with the approved balance sheet.

Once the provisions contained in law or these Articles have been met, dividends may only be distributed charged to the profit for the year, or to the freely disposable reserves, providing the value of the net worth is no less than the share capital or would be no less than this as a result of the distribution.

The distribution of dividends to ordinary shareholders shall be done in proportion to the capital they have paid out.

## **TITLE FIVE - DISSOLUTION AND LIQUIDATION OF THE COMPANY**

### **Article 25**

The Company shall be dissolved in the cases and with the requisites set down in Law.

### **Article 26**

The General Meeting agreeing to dissolve the Company shall also agree on the appointment of Liquidators, who shall, as appropriate, be able to be the previous members of the Board of Directors.

The number of Liquidators shall at all times be odd. In the event that the General



Meeting decides to appoint the old Directors as Liquidators and their number is even, the General Meeting shall likewise decide which Director is not going to be appointed as Liquidator.

Notwithstanding the provisions of the above paragraph, shareholders who represent at least a twentieth part of the share capital and, as appropriate, the syndicate or syndicates of bondholders shall be able to request the Judge of First Instance corresponding to the registered office to designate a Supervisor with the requisites and powers set down in Law.

### **Article 27**

In the liquidation of the Company, observance shall be ensured of the rules stated in Law and those which, complementing them but without contradicting them, have been agreed as appropriate by the Shareholders' General Meeting adopting the agreement to dissolve the Company.

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