REPORT OF THE DIRECTORS OF PESCANOVA, S.A. TO THE ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 20 SEPTEMBER 2016 (FIRST CALL) OR 21 SEPTEMBER 2016 (SECOND CALL) REGARDING THE POINTS OF THE AGENDA

In point one of the agenda, the most relevant matters that affect the company are reported. This point of the agenda is for information purposes.

1. Most significant events occurring in 2015

Two events that took place during the year 2015 stand out because of their importance: on the one hand, the adoption of the creditors' agreements of the ten Spanish subsidiaries, which filed for insolvency in 2014, and on the other the adoption at the general shareholders' meeting held on 29 September 2015 of the structural modifications provided for in the various creditors' agreements. As a result of these structural modifications, Pescanova, S.A. ("PVA") has become a holding company.

Throughout the second half of 2014, the respective voluntary insolvency applications were filed with regard to the following subsidiaries: Bajamar Séptima, S.A.; Pescanova Alimentación, S.A.; Frivipesca Chapela, S.A.; Frinova, S.A.; Frigodis, S.A; Fricatamar, S.L.; Pescafresca, S.A.; Pescafina Bacalao, S.A.; Novapesca Trading, S.L.; and Insuiña, S.L.

On 21 and 22 May 2015 the respective creditors' meetings, with the approval, by wide majority, of the proposed creditors' agreements presented by a significant group of creditor financial entities. Therefore, in each of these ten subsidiaries the approved agreements were those proposed by creditors themselves, not by PVA. However, all aimed at achieving insolvency debts after write-offs -for all the Group companies filing for insolvency- of around EUR 700 million, and contained the same viability and repayment plans as those presented by PVA for the insolvency proceedings of PVA and Pescafina, S.A. in 2014.

On 11 June 2015, Mercantile Court No. 1 of Pontevedra handed down judgements of court approval of all the creditor's agreements of the insolvent subsidiaries, which became final on 20 July 2015, once the legal deadline for that purpose concluded.

The fundamental content of the structural modifications approved at the general meeting of PVA in September 2015, was as follow:

- The corporate organisation of the Spanish perimeter of the Group was restructured, including several merger and segregation operations that led to the creation of a new company, Nueva Pescanova, S.L. (NPVA), holder of all the groups shareholdings and business interests and, in turn, of the restructured debt.

- In November 2015 the capital of NPVA's was increased to allow certain insolvency creditors to become new shareholders, through cash contributions and capitalisation of the insolvency debt, until 80% of the share capital was reached, while PVA retained the remaining 20%.

After the capital increase of NPVA, PVA became a holding company whose main assets are: (1) a 20% participation in the group headed by NPVA valued in EUR 5,037 thousand, and (2) an account receivable from NPVA described in the Note 8.2 of the report. Therefore, since November of 2015 PVA is no longer at the head of the group, of which it no longer forms a part except as a simple shareholder.

The aforementioned account receivable, amounting to EUR 52,109 thousand at year end 2015 (Note 8.2 of the report), originates because part of the group's debts, including the privileged insolvency debt and ordinary basic option debt, have not been segregated and transferred to NPVA, but instead are still part of PVA's liabilities, despite the fact that all the group's assets have been segregated to NPVA, except for a deposit of EUR 1,900 thousand (Note 9 of the report). It would therefore be essential for PVA's financial stability for NPVA to promptly pay PVA the amounts due for that account receivable as such debts expire.

2. Prospects and risks of PVA and in particular the value of 20% shareholding in Nueva Pescanova, S.L.

The main responsibility of the directors since the end of November of 2015, the date on which PVA was reduced to a holding company, has been to ensure two objectives: (1) Maintaining the 20% shareholding unaltered and if possible increasing it in the medium-term, and (2) the growth in value of NPVA over time, so that it can meet its insolvency obligations with its creditors, and allow its shareholders to recover albeit part of the value lost in the 2013 crisis.

At the date of this report PVA has two board directors at NPVA who will devote their best efforts to try to meet these two objectives, despite the fact that their minority position on the NPVA Board -two out of twelve- is no certain guarantee that they will achieve this goal.

On the other hand, the company faces to certain risks that are described below:

a. Signature and provision of the super-senior credit by Nueva Pescanova

On 10 February 2016 it was announced that the Sole Director of Nueva Pescanova had signed, on 29 December 2015, a financing agreement known as the “super-senior credit facility” under extremely onerous conditions compared with those in force in the current financial market.

Thus, the super-senior credit facility contemplates an underwriting fee of EUR 300 million payable at 20 years, extendible for a further 10 years, and bearing interests of around 1% per annum. This EUR 300 million of additional debt do not involve a cash inflow to NPVA, but instead the accrual of a fee in favour of the lenders.

According to Pescanova, this decision, if it is not revoked, will have two negative effects on NPVA: (1) it will permanently impair its equity, since in accordance with the accounting rules it would have to recognise EUR 300 million in liabilities along with all the interest costs and fees in excess of market values, and (2) the payment of interest will mean a further loss of liquidity for the Group.

In connection with the above, on 5 May 2016, PVA learned through a press release disseminated by NPVA, that the super-senior credit facility had been cancelled: However, the corresponding EUR 300 million underwriting fee subsists and has not been cancelled, and thus remains outstanding.

b. Appraisal of Nueva Pescanova tangible fixed assets

The tangible fixed assets of the Nueva Pescanova group are made up mainly of the material investment of its subsidiaries, since the parent society has hardly any fixed assets of its own. They are the assets that allow the creation of value in NPVA.

The valuation of the tangible fixed assets in accordance with the accounting rules must be carried out at the lowest cost or fair value those assets are considered to have according to their ability to generate future cash flows.

At year-end 2012, the tangible fixed assets of the Pescanova Group were valued at its cost, in the amount of EUR 1,214 million approximately.

At year-end 2013, the insolvency directors of Pescanova valued those tangible fixed assets at EUR 672 million approximately.

PVA formulated the financial statements for FY 2014 valuing the tangible fixed assets of its subsidiaries at EUR 427 million. This amount included the Pescanova and the rest of trademarks at zero value, along with all licenses and concessions owned by the group. To carry out this appraisal, PVA engaged the services of a renowned independent expert. This appraisal was accepted without reservation by the Group's auditor, who raised no exceptions or any mention of this assessment in the auditor's report of 31 March 2015.

NPVA, as a newly-created company that receives its assets and liabilities from PVA, should value its tangible fixed assets at fair value only, thus eliminating the limitation of the original costs for appraisal purposes.

The value of the tangible fixed assets attributed by the NPVA Directors at year-end 2015, was EUR 337 million, therefore, some 90 million less than the 427 million posted by PVA at the end of 2014, which has contributed to the deterioration of the assets both of the individual company and the consolidated group.

c. Calculation of the fair value of long-term insolvency debt of Nueva Pescanova

When preparing the financial statements, the directors of NPVA posted the fair value of the long-term insolvency debt, upgrading it at a rate slightly higher than the one used by PVA, which has had a small positive effect on the Group's assets.

For the long-term fair value calculation of the insolvency debt, the readjustment rate employed by the PVA directors in the financial statements for FY 2014 was 8%, and the same rate is employed in the FY 2015 financial statements.

This readjustment rate was established, among other criteria, in consideration of the current market cost of financing PVA in the short-term and the Group's capacity to repay all of its insolvency debt. The rate was accepted by the Company auditor and notified at the time to the CNMV.

The average readjustment rate used by NPVA for the insolvency debt was 8.33%. However, a discount rate of 19.35% has been applied for the EUR 300 million underwriting fee for the NPVA super senior credit facility, on the basis that the fee will be paid in year 30 counting from the execution of the agreement, thus reducing its current fair value at year-end 2015 to just EUR 2.7 million. However, this debt continues to maintain a nominal amount of EUR 300 million, and the current fair value at year-end 2015 of EUR 2.7 million, will increase year by year, at the mentioned rate of 19.35% to finally reach 300 million, with resulting asset impairment for NPVA.

d. NPVA capital increases that dilute PVA's current shareholding in its capital

The NPVA directors, on the basis of economic deterioration described in sections 2.a., 2.b. and 2.c. above, could propose to the general meeting, where appropriate, a strengthening of NPVA's shareholder equity through a capital increase that could result in a severe dilution of PVA's current 20% stake in NPVA.

From the statements made by the Chairman of NPVA at the ordinary general meeting of NPVA held last 28 June, it appears that the reasons for the proposed need to strengthen the shareholder equity of NPVA have nothing to do with a need for liquidity or cash, which in principle would make it unnecessary to perform a capital increase with cash contributions.

Any capital increase through the capitalisation of insolvency claims, insofar as this is possible under provisions of the insolvency agreements, and any other increase before PVA can access new sources of financing, would result in PVA's 20% share in NPVA becoming partially or totally diluted.

This risk and the management measures to try to mitigate it, are specifically addressed in the fifth item on the agenda of this meeting.

e. Breach of support measures agreement by Nueva Pescanova and petition to annul those measures

NPVA has the obligation to provide certain support measures to Pescanova, including among others the payment of certain amounts and the recognition of PVA's right to appoint at least one director or manager to the NPVA board while it maintains a shareholding in the latter's capital.

NPVA has paid PVA only part of the amounts which, pursuant to the provisions of that contract, it is liable to pay in the fiscal year beginning 1 December 2015, and has done so almost five months late, leaving pending the payment of certain financial headings regarding which PVA and NPVA have not yet reached an agreement.

Furthermore, on 5 July 2016 PVA was notified of a claim filed by NPVA before the Court of First Instance number 7 of Vigo, Ordinary Proceedings 416/2016-A, in which the latter requests a declaration of annulment against the support measures, and additionally the annulment of another agreement between the same parties on the same date, entitled "Payment mechanisms regulation agreement" which regulates the procedure by which NPVA was obliged to fulfil its payment obligations to PVA for the debt assumed under the creditors' agreements. In that claim, the partial annulment of some of the agreement's provisions is also sought as an alternative remedy, but the petition does not question the right of PVA to receive the amounts from NPVA provided to cover operating and consultancy expenses, since these amounts were agreed by the Pescanova General Shareholders' Meeting of September 2015.

In relation to this claim, the PVA directors and legal counsel believe that the challenged agreements are acts of implementation of corporate resolutions and should thus be considered to be fully binding, as PVA will argue in the respective court proceedings.

3. Situation and actions aimed at lifting the suspension from trading

Once the restructuring process of the PVA group that concluded with the general shareholders' meeting of 29 September 2015 was over, the PVA directors requested the CNMV, if applicable, to commence the administrative procedure to lift the suspension of trading of PVA's shares on the stock market On 26 October 2015 the CNMV sent a request to PVA that consisted of 50 questions requesting information about the group's insolvency process and the foreseeable future status of both PVA and NPVA.

PVA and their advisers have worked since on the reply to this request, but it has not been possible to complete for months owing to the following information requirements:

- Audited financial statements of NPVA for 2015.
- Audited financial statements of PVA for 2015.

However, until 28 June 2016 PVA did not have access to NPVA's financial statements 2015, which in turn prevented PVA from reformulating and auditing its own financial statements for 2015, which were finally prepared without objections on 8 July.

On 12 July 2016 the reply was submitted to the CNMV, together with the aforementioned financial statements and audits. On 21 July the CNMV sent a new requirement to PVA requesting information on some additional points. On 3 August PVA replied to this second requirement. On 8 August, through a relevant fact, the CNMV notified PVA of a new requirement for additional information, essentially focused on (i) the new NPVA business plan which according to public information is under preparation, (ii) risks from legal proceedings in course before the Spanish National High Court (*Audiencia Nacional*) or other courts, and (iii) effect on PVA of the capital increase that NPVA was potentially planning. Obviously, the replies to items (i) and (ii) above are beyond PVA's control or decision capacity meaning that, as of today, it cannot be predicted when PVA will be able to reply to the CNMV's new information request.

The content of the CNMV requests and their respective replies, are posted on the CNMV website as relevant facts no. 241.001 and 241.931.

In point two of the agenda, the formulation of the Financial Statements for 2015 are subjected to approval.

The company did not have access to NPVA's audited financial statements for 2015 either on the date of the initial formulation of the 2015 financial statements, which was 26 February 2016, or on their date of publication which was 31 March 2016. Therefore, it was not possible to present sufficient audited evidence on the valuation of the shareholding in NPVA, which was provisionally posted with an amount of zero euros (see Note 8.1 of the annual report).

It is worth remembering at this point that NPVA acquired the obligation with PVA, by resolution of the general meeting of 29 September 2015 that approved the segregation of the business to NPVA, to provide its audited financial statements three months after closing (Note 5.4 of the report), which this year would have been 31 March 2016.

This situation led to the auditor declining his opinion on those financial statements owing to lack of that information.

On 28 June 2016 PVA finally had knowledge of NPVA's financial statements and on 5 July 2015 PVA reformulated its own financial statements for 2015. On 8 July the auditor issued his opinion without caveats on the financial statements of PVA for 2015, which are those presented to this meeting for its approval. This is why the general meeting could not be held in the first half of 2015 as provided for by the Company's by-laws.

These audited financial statements for 2015, show a net profit of EUR 73,269 thousand, with assets and equity at year-end of EUR 5,827 thousand. You can obtain a copy of the financial statements and the auditor's opinion here:

http://www.pescanova.com/i/memoria_anual/Cuentas Anuales PVA 30-11-2015 def.pdf

In point three of the agenda, in accordance with the provisions of articles 164, 273 *et seq* of the Spanish Capital Enterprise Act (*Ley de Sociedades de Capital*), the General Shareholders' Meeting is called upon to resolve on the distribution of earnings for the year in accordance with the approved Balance Sheet.

In point four of the agenda, the annual report on Directors' remuneration for the financial year closed on 31 November 2015 is submitted for approval, with consultative status, as required by Article 541 of the Capital Enterprise Act.

It is also reported that at the last Ordinary General Meeting held on 28 May 2015, the Directors' remuneration policy for the period 2016/2018 was approved.

However, with respect to PVA's current situation and as is indicated in Note 15.2 of the report, the directors have agreed to reduce the total annual remuneration of each member to EUR 20,000 for the year in course.

Furthermore, the board has agreed that its members representing Pescanova S.A y Gestión de Participaciones Ría de Vigo S.L., on the board of Nueva Pescanova S.L, will not receive - personally- any remuneration for this activity, so that all the remuneration paid by both companies for their status as directors of Nueva Pescanova S.L. shall constitute income for Pescanova S.A y Gestión de Participaciones Ría de Vigo S.L.

In point five of the agenda, the Board of Directors of Pescanova, S.A. justifies the proposed increase in the number of members of the Board of Directors. Also reproduced are the reports both of the Board and of the Appointments and Remuneration Committee, legally required in relation to the three proposals for the appointment of new directors:

REPORT PRESENTED BY THE BOARD OF DIRECTORS OF PESCANOVA, S.A. AT THE PROPOSAL OF THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE INCREASE TO 7 MEMBERS OF THE BOARD OF DIRECTORS

The exceptional context affecting the Pescanova group since the crisis of February 2013 broke out, gradually eased off as the group overcame the shock of insolvency, with the approval and execution of the creditors' agreement with PVA and its subsidiaries starting from May 2015 and, more recently, with the restructuring of the Pescanova Group, implemented in November 2015 after which PVA handed over its entire business and the head of the group to Nueva Pescanova S.L. ("NPVA"), and went on to become a holding company and obtain, as sole consideration, 20% of NPVA's share capital.

Only this exceptional context can allow us to explain that, even after fully recovering all its management powers in June 2015, the PVA Board of Directors has maintained its atypical composition, consisting of only four directors. This atypical composition proved useful and expedient for the transition phase, running from March 2015 until the conclusion of the restructuring of the Pescanova Group, with the transfer of the control of NPVA to the insolvency creditors and its management to the directors appointed by the latter.

Until that time, the PVA Board concentrated all its effort and skills to achieving the following objectives, listed from highest to lowest order of priority:

1. Preventing by all legal means the entry into liquidation of PVA: to date, the fulfilment of that goal appears to be assured.

2. Preserving, insofar as is legitimate and possible, the balance between the rights of PVA Group's workers, creditors and shareholders: ensuring corporate peace throughout this difficult period, approving agreements proposed by the insolvency creditors and the recognition to PVA, and indirectly to its almost 9,000 shareholders, of 20% of the share capital in NPVA, all seemed to confirm - and continues today, that this objective has also been achieved.

3. Consolidating the process of return towards operational normality of the Group and loyally and promptly complying with the road map established by the creditors' agreement: until when, in November 2015 the management and administrative responsibilities were transferred from NPVA to the new managers, that objective was also fulfilled.

4. Promptly preparing the financial status and obtaining the auditors' opinion without reservation: as happened while the Group was under the control and administration of the current PVA Board.

5. Activating the application procedure to lift the suspension of trading: from the outset, with utmost diligence and within its capacity of action and control, the Pescanova Board contributed all the information or documentation required by the CNMV for the latter to assess the appropriateness of allowing PVA to be listed on the stock market once more. If this objective has not been achieved to date, it is for reasons beyond the will, capacity and control of the current PVA Board, although the administrative procedure aimed lifting the suspension has progressed, if the CNMV should finally agree to do so.

In the defence and pursuit of compliance with those objectives the PVA Board has found, until now, the support of the clear majority of PVA shareholders, evidently manifested through the continued approval of all proposed resolutions submitted for deliberation and vote at the Shareholders' Meetings, where all significant decisions by PVA have regularly been submitted.

And to do this, in order for its shareholders to reach an informed decision, the PVA Board has acted with special care and rigour by maintaining a policy of transparency and comprehensive information with all its shareholders and the market as a whole, manifested via appropriate channels: (i) its own website, with a direct channel of response to the issues raised by any of its almost 9,000 shareholders, (ii) the information submitted in a timely manner to the CNMV in accordance with current regulations, (iii) the relevant facts published in the CNMV's public records and, (iv) the General Shareholders' Meetings.

But that policy of transparency, which PVA cannot elude owing to its status as a listed company, has not always been understood or accepted by others. The same goes for the constant zeal of the PVA Board in the exercise of its managerial responsibilities and obligations of defending the balance of rights and expectations of all stakeholders involved in PVA: first of all, PVA itself, and then, *pari passu*, of its employees, creditors, and not least, the almost 9,000 shareholders.

Throughout the restructuring process of the Pescanova Group, the PVA Board has tried via all means to make the insolvency creditors understand that its defence of the rights and expectations of PVA's shareholders did not enter in contradiction or conflict with the relaunch and strengthening of the Group's potential under its new administration and management structure. On the contrary, the more the assets of the Group now headed by NPVA are consolidated and grow, the greater the expectations of PVA and its shareholders of achieving a minimum compensation for the enormous damage caused by the maladministration of the Group's former managers, which led to the crisis of February 2013.

The PVA Board has transmitted to the rest of the NPVA Board, via the available channels, its willingness and readiness to find agreed solutions to these differences, in the best interests of NPVA and PVA.

In the context of this new stage for PVA, after the conclusion of the Group's restructuring process and with the aim of allowing PVA to recover the normal business conduct of listed companies, after deep reflection in this regard, the Appointments and Remuneration Committee has considered it appropriate to propose an increase in the number of members of the Board, through the incorporation of three new members who will raise the number of Board Directors from four to seven.

This would give the Board greater plurality and representativeness and also contribute to facilitating the return to a normal dialogue with the rest of the NPVA Board.

REPORT PRESENTED BY THE BOARD OF DIRECTORS OF PESCANOVA, S.A. IN RELATION TO THE PROPOSALS REFERRED TO IN POINT FIVE OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 20 SEPTEMBER 2016 (FIRST CALL) OR 21 SEPTEMBER 2016 (SECOND CALL)

This report is drafted in compliance with the provisions of article 529 *decies* of the Capital Enterprises Act for the purpose of justifying the proposed appointments of directors to the board of Pescanova, S.A. ("**Pescanova**" or the "**Company**") submitted to the vote of the General Shareholders' Meeting under point five of the agenda, valuing for such purpose the skills, experience and merits of the persons whose appointment is proposed.

Accordingly, listed below is the board's separate assessment of the skills, experience and merits of the nominated candidates, in view of the reasoned proposal prepared by the Appointments and Remuneration Committee, at its meeting of 10 August 2016, in accordance with article 529 decies of the Capital Enterprises Act, and that the Board adopts as its own in all its terms. The aforementioned proposal by the Appointments Committee is attached as an appendix to this directors' report.

This report also contains, for the purposes of article 518.e) of the Capital Enterprises Act, complete information on the identity, curriculum and category to which each of the directors belongs:

(i) Mr Carlos Federico Sanz Navarro (point 5.2)

(a) Profile description:

Born in 1974. Bachelor's Degree in Physical Sciences, specialising in Theoretical Physics, Universidad de Valencia. Dissertation in Applied Physics, Universidad de Alicante. PhD in the Department of Applied Mathematics of Loughborough University (England).

(b) Assessment:

The Board endorses the evaluation conducted by the Appointments and Remuneration Committee and considers that the curriculum and track record of Mr Carlos Federico Sanz Navarro, show that he has the appropriate skills, experience and merits to hold the office of director,

(c) Director category:

Mr. Carlos Federico Sanz Navarro is considered by the Appointments and Remuneration Committee and by the Board, in agreement with the Committee's recommendation, as an Independent Director, according to the requirements established in paragraph 4 of article 529 *duodecies* of the Capital Enterprises Act.

(ii) Mr César Real Rodríguez (point 5.3)

(a) Profile description:

Born in 1947 in La Guardia (Toledo). Senior Telecommunications Engineer (Universidad Politécnica de Madrid).

He began his professional experience at IEP (France) as Consultant Engineer in Spain and France, having dedicated the last 30 years to the fishing and food sector, first as Managing Director of PEBSA and later as Area Director General in the Pescanova Group. In this last position, he was dedicated mainly to the management and development of the group's international subsidiaries.

(b) Assessment:

The board seconds the assessment of the Appointments Committee and considers that the curriculum and professional career of Mr César Real Rodriguez, who has successfully assumed several management posts, and, in particular, in the Pescanova Group, demonstrate that he has the appropriate skills, experience and merits to hold the office of director,

(c) Director category:

Mr César Real Rodríguez is considered by the Appointments and Remuneration Committee and by the Board, in agreement with the Committee's recommendation, as an external director who cannot be considered as either a shareholder director or an independent director, according to the requirements established in paragraphs 2 to 4 of article 529 *duodecies* of the Capital Enterprises Act and article 6.2 of the board regulations.

(iii) Mr Leopoldo Fernández Zugazabeitia (point 5.4)

(a) Profile description:

Born in 1974. Degree in Law from the Universidad de Deusto.

Founding member of the law firm Zaibatsu S.L. Member of the Bar Association of La Rioja and Bar Association of Señorío de Vizcaya. Teacher of Administrative and Constitutional Law to officials of the city hall of San Sebastián (LRJPAC) and Commercial Manager

(b) Assessment:

The Board endorses the evaluation conducted by the Appointments and Remuneration Committee and considers that the curriculum and track record of Mr Leopoldo Fernández Zugazabeitia, show that he has the appropriate skills, experience and merits to hold the office of director,

(c) Director category:

Mr. Leopoldo Fernández Zugazabeitia is considered by the Appointments Committee and by the Board, in agreement with the Committee's recommendation, as an Independent Director, according to the requirements established in paragraph 4 of article 529 *duodecies* of the Capital Enterprises Act.

APPENDIX

REASONED PROPOSAL BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PESCANOVA, S.A. (SESSION OF 10 AUGUST 2016) CONCERNING THE APPOINTMENT OF DIRECTORS OF PESCANOVA, S.A. TO BE SUBMITTED FOR THE APPROVAL OF THE NEXT GENERAL SHAREHOLDERS' MEETING

This reasoned proposal is drafted in compliance of the provisions of article 529 *decies* of the Capital Enterprises Act for the purpose of proposing the appointment of directors to the board of Pescanova, S.A. ("**Pescanova**" or the "**Company**") and to be submitted for the approval of the next General Shareholders' Meeting.

"Following an analysis of possible candidates to occupy these new positions on the Board -if approved by the latter and submitted to vote at the next General Shareholders' Meeting of PVA- a formal selection process was conducted and jointly attended by all the members of this Committee, which resulted in the proposal presented in this report to the Board of Directors of Pescanova:

"Propose and submit for deliberation and voting at the next General Shareholders' Meeting of PVA, an increase in the number of members of the Board of Directors of PVA from four to seven members and appointment of the following Directors to cover the three new positions:

Mr Cesar Real Rodríguez,
Mr Carlos Sanz Navarro, and
Mr Leopoldo Fernández Zugazabeitia.

Their identification data is contained in the respective CVs that are attached hereto.

The first of them has -thanks to his extensive and impeccable professional track record within the PVA Group- full and exhaustive knowledge of the Group's business.

The second -with highly specialises technical and academic qualifications- has led AMAP, the Association of PVA Minority Shareholders that has contributed so much to preserving and defending the shareholders' interests.

And the third -with legal training and a widely proven track record of efficiency and professionalism- has a deep and accurate ability to detect, analyse and diagnose business-related problems and propose solutions.

Each of the three proposed candidates (i) today has a precise knowledge of the current reality of PVA and its relations with NPVA, (ii) meets this Committee's suitability criteria and has the necessary qualifications for appointment and (iii) has expressed his free decision to accept his appointment as PVA Director if thus agreed upon the by next General Shareholders' Meeting of the Company, and has consented and authorised for this to be made public through the Directors' Report that will accompany the call to the next General Shareholders' Meeting.

It should be noted that they are all minority shareholders of PVA, without significant participations in any of the cases, either directly or indirectly through a person "with close connections". Accordingly, in the event of being appointed, Mr Sanz Navarro and Mr Fernandez Zugazabeitia would be "independent" directors, while the Mr del Real Rodriguez would be as appointed as an "other external" director. Thus, after their potential appointment, the Board of Directors of PVA would have three "independent" directors, two "other external" directors and two "shareholder directors".

This Committee would like to express its recognition and gratitude to each one of the three candidates for their determined commitment of involvement and contribution to the effort of preserving the rights and interests of PVA and its shareholders through the acceptance and performance, if appointed by the General Meeting, of their offices as Pescanova Directors.

In point six of the agenda, prior to the background events described, it is proposed to authorise the Board of Directors of Pescanova, S.A. to vote in a possible general shareholders' meeting of Nueva Pescanova, S.L. in the terms presented below:

1. Background

The extraordinary general meeting of Pescanova, S.A. held on 29 September 2015 resolved by a large majority to undertake some merger and division operations, the details of which can be consulted in Note 5 of PVA's 2015 report and which, in summary, were the following:

- All the assets and the majority of the liabilities of the Pescanova Group were divided and assigned to Nueva Pescanova, S.L. (NPVA) on the basis of which PVA retained a 20% shareholding in NPVA while the remaining 80% would be owned by the insolvency creditors.
- Notably included among the liabilities divided, as a crucial item, were the insolvency debts in the amount of approximately EUR 700 million, corresponding to the so-called alternative option elected by the majority of the insolvency creditors, an option proposed by the insolvency creditors themselves in 10 out of the 12 agreements (of PVA and subsidiaries) approved thereby by an overwhelming majority.
- Certain liabilities corresponding to the so-called basic insolvency alternative, preferential and contingent claims against the estate in the amount of approximately EUR 50 million, were not subject to division and were maintained in PVA, although with the obligation that NPVA would make the payment thereof promptly upon their respective maturities

by means of a reciprocal credit with PVA.

- Moreover, PVA was established as guarantor –by virtue of Article 80 of the Structural Modifications Law (*Ley de Modificaciones Estructurales*)– for the payment of the divided liabilities, which entails an additional burden and risk for PVA in the long term.

- NPVA, in consideration for all of the foregoing, was obliged to cover some minimum costs to preserve the proper operation of PVA, as it is no longer likely that PVA will receive dividends from NPVA in the short/medium term while it has not repaid the insolvency debts.

The resolutions of the general meeting of PVA on 29 September 2015 have not been challenged by any shareholder or by third parties; likewise, the divisions have not been challenged by any insolvency creditor.

On 29 December 2015, the sole director of NPVA, just a few months after his appointment, obliged NPVA by means of the signature of a super senior for the amount of EUR 125 million, in conditions generating an economic cost of EUR 10.2 million in 2015 between sizeable interest rates and commissions far from the current rates between independent parties. In May 2016, the super senior was cancelled with an equally atypical early repayment cost, meaning that the APR of said credit during its brief life was higher than 35% (see section 5.3 of the response to the requirement of the National Securities Market Commission (CNMV) made by means of relevant fact dated 12 July).

The decision of the then sole director of NPVA to activate and enter into the super senior generated a commission of EUR 300 million in favour of the creditors who entered into it, to be paid in 20-30 years and with an interest rate of 1%, with no consideration whatsoever for NPVA. This commission, which has not been cancelled after the repayment of the super senior, generates a new liability of EUR 300 million, whose payment must be borne by NPVA.

Consequently, NPVA now has a debt arising from the insolvency process of approximately EUR 1,000 million (700 million + 300 million), instead of the EUR 700 million that it received from PVA by means of the division in November 2015 described above.

Furthermore, NPVA has carried out a series of asset impairments in its 2015 financial statements, which are not supported with verifiable reasoning, for an aggregated amount of EUR 151 million (see Note 5 of the 2015 consolidated financial statements of NPVA at consolidated level), which, among other effects, has reduced the value of the tangible fixed assets of NPVA by EUR 90 million with respect to its value at the 2014 year-end, reducing them to a figure of EUR 340 million, when the original cost was more than EUR 1.2 B (see point 2 of the "risks and uncertainties" section of PVA's 2015 directors' report).

These new debts and impairments have had a very negative effect on the equity of the group, lowering it to EUR 18.6 million at individual level and EUR 3.5 million at consolidated level at the 2015 year-end, when, in November 2015, the date of the division, it was above EUR 100 million (see PVA directors' report in the general meeting of 29 September 2015).

As a consequence of these operations (effects of the activation and repayment of the super senior and discretionary impairment of assets), which have significantly diminished the equity of NPVA, its chairman, for the purpose of the ordinary general meeting of NPVA held on 28 June of this year, officially announced the need to strengthen the equity before the end of 2016. From his own statements, it appears that the reasons for the desire to strengthen the equity of NPVA have nothing to do with liquidity or cash requirements, which, in theory, excludes a share capital increase through cash contributions.

2. Alternative methods for the strengthening of NPVA's equity

Given that a share capital increase by cash contributions is excluded as it is unnecessary, the strengthening of the equity indicated by the chairman of NPVA could essentially be carried out in two ways:

- By means of the transformation into equity loans of part of the insolvency claims of NPVA or others of its group of companies with NPVA, something which NPVA has already done this year, as indicated in Note 17 of NPVA's 2015 report, for an amount of EUR 46.7 million. This method of strengthening the equity avoids the immediate dilution of the current shareholders of NPVA and is less burdensome for the insolvency creditors than the capitalisation of their claims. An extension of the current equity loan which matures on 29 April 2017 would be sufficient. As the group generates profits, its equity will begin to strengthen, and the need to extend this or another similar equity loan will disappear.

- By means of the capitalisation of part of the insolvency claims, which would entail the dilution of the current shareholders who do not have insolvency claims to capitalise, as is the case of PVA, and (2) an additional haircut for the insolvency creditors who accept this method of capitalisation. In effect, the capitalisation of insolvency claims would have to be carried out in any case based on the fair value of the part of the insolvency debts it is wished to capitalise (therefore, significantly, below their nominal value). Moreover, the conditions set forth in the creditors' agreements are particularly demanding with respect to creditors who capitalise their insolvency debts, as indicated below.

In view of the two alternative hypotheses described above, the directors of PVA would do their best to ensure that the it is first option, that of transformation of insolvency or other claims into equity loans, which is proposed and approved in the extraordinary general meeting of NPVA, which, as appropriate, may be convened for the purpose of approving said strengthening of equity. And they would only support that alternative because it is the most economically favourable option for the shareholders and the insolvency creditors. But the reality is that PVA only holds 20% of the NPVA voting rights and therefore cannot ensure a majority of votes in favour of said alternative option.

Therefore, and in the event that the majority of the directors of NPVA propose the second alternative option, the capitalisation of insolvency claims, to the general meeting of NPVA,

the legal advisers of PVA consider that, should this alternative be approved, there are strong legal grounds to challenge the resolution before the courts and undertake additional legal measures based on the following arguments:

- NPVA's 2015 financial statements do not contain a sufficient explanation of the reasoning behind the EUR 151 million of impairments carried out, particularly when between 2013 and 2014 both the insolvency administrators in 2013 and the directors of PVA in 2014 already carried out the corresponding impairments and write-downs of assets in an amount close to EUR 600 million (see point one on the agenda above: "valuation of the tangible assets of Nueva Pescanova). The magnitude of these additional impairments is such that it would seem that they have been carried out to justify the need for a share capital increase in the short term.

- PVA has submitted the conditions of the super senior to the analysis of its legal advisers who have concluded that it is an operation carried out in an evident conflict of interests between NPVA and its creditors/shareholders, and in unjustifiable conditions of hardship for NPVA, thus harming its equity.

- The debt relief and grace periods of the creditors' agreements were approved by a large majority of creditors with the main aim of giving NPVA liabilities to be paid over the long term in the amount of approximately EUR 700 million, such that in the short/medium term it would not have to bear the cost of any maturity. According to NPVA, until 2024 no significant item of creditors' claims matures and, specifically, it does not have to repay or pay interest on the junior credits until 2029 (see Notes 10.1 and 12.1, respectively, of NPVA's individual and consolidated 2015 financial statements). The viability and payment plan of the 12 agreements approved, which include the EUR 700 million, is the same for each of them, with 10 of them having been submitted by the insolvency creditors themselves in 2015.

- It would therefore not be acceptable less than a year later to attempt to change the bases of the restructuring of the group by forcing the maturity of insolvency claims by means of an operation that benefits neither the insolvency creditors nor the NPVA shareholders, as shown below.

- In the creditors' agreements of PVA and Pescafina, S.A., which are those which were approved in 2014, the voluntary capitalisation of insolvency claims is scheduled to begin in May 2017 (three years after the approval of the agreements) for all of the junior credits of all the insolvent companies with an amount lower than EUR 300 million, in exchange for 10% of NPVA. However, in the agreements of the other companies approved in 2015, such possibility for the capitalisation of credit claims was not included by the express desire of the creditors, who removed such provision from the agreements that they themselves presented (10 out of a total of 12). Consequently, only the junior credits originate in the insolvencies of PVA and Pescafina, S.A., approximately EUR 140 million of the EUR 300 million are capitalisable from May 2017 in exchange for the corresponding proportion of shares in NPVA.

- These capitalisation conditions set forth in the PVA and Pescafina, S.A. agreements, since they apply to their insolvency creditors who have already suffered a haircut of greater than

90%, would entail for them another haircut, which is today unnecessary for the operation of NPVA.

- The compulsory capitalisation of insolvency claims is only envisaged for cases of insolvency or dissolution of NPVA, or for the event in which, in 2029 and upon the maturity of the junior credits, it is not possible to meet them in their entirety. A detailed description of these conditions for the voluntary and compulsory capitalisation of insolvency claims can be consulted on page 14 of the approved PVA creditors' agreement, included in relevant fact no. 202,145 dated 19 March 2014, and an opinion from the legal advisers of PVA on the matter is appended hereto.

- According to the legal advisers of PVA, diluting the shareholders of NPVA and therefore 20% of PVA by means of the approval in the general meeting of a share capital increase of NPVA in the short term, be it by means of credits or other capital instruments, can be considered as an abuse of the right of the majority. PVA, in good faith, approved the restructuring of the group less than a year ago in exchange for maintaining 20% of NPVA. The share capital increase is not necessary as of today and would be a consequence, in any case, of questionable operations executed by NPVA itself after the change of control, which have led to a sizeable impairment of its equity.

- Additionally, for the adoption of such a resolution in the General Meeting, and due to an evident conflict of interest, as it would be the creditors/shareholders themselves who with their majority would approve the resolution for the capitalisation of their own insolvency claims, which would give them access to the capital of NPVA, the voting right of the shareholders of NPVA who also hold the status of insolvency creditors of NPVA should be excluded.

3. Proposed resolution to the general meeting

Consequently, the proposed voting direction that the Board of PVA proposes to bring to the general meeting of NPVA in the event that it is convened with the purpose of strengthening its equity would be that described below, provided that express authorisation therefor is obtained from the General meeting of PVA:

(1) Vote in favour of a strengthening of the equity of NPVA by means of the extension of the existing equity loans or the transformation of existing non-equity loans into equity loans.

(2) Vote against a strengthening of the equity of NPVA by means of a share capital increase by credit capitalisation, and challenge the resolutions of the general meeting that approved it, as well as initiating any other legal action that the board of PVA considers necessary to avoid the materialisation thereof.

(3) Delegate to the board of directors the direction of the vote and the pertinent legal actions for the event in which the strengthening of the equity is mixed, that is to say, it includes more than one of the instruments described above or includes new equity loans or amendments to the conditions of the existing equity loans, which in the opinion of the board are more burdensome than the current conditions.

In point seven of the agenda, and without prejudice to any delegation included in the previous resolutions, it is proposed indistinctly to empower the members of the Board of Directors of the Company so that any of them, jointly and severally and without prejudice to any other existing power of attorney, may execute and/or solemnise the resolutions adopted.

Chapela, 11 August 2016

APPENDIX TO THE DIRECTORS' REPORT

THE POTENTIAL CAPITALISATION OF JUNIOR CREDITS OF NUEVA PESCANOVA

1. ARTICLE 100 OF THE INSOLVENCY LAW AND THE POSSIBILITY OF CAPITALISATION OF INSOLVENCY CLAIMS. INITIAL CONSIDERATIONS

1. Article 100.2 of the Insolvency Law states: "In addition to haircuts and extensions, the proposed agreement may contain alternative or additional proposals for all or any of the creditors or classes of creditors, with the exception of the public creditors. The proposals can include offers to convert the claim into shares or partnership interests, convertible bonds, subordinated loans, equity loans, loans with capitalisable interest or any other financial instrument with a different rank, maturity or characteristics to the original debt. In case of conversion of the claim into shares, the share capital increase resolution of the debtor which is necessary for the capitalisation of credits must be signed by the majority envisaged for limited liability companies and public limited companies, respectively, in articles 198 and 201.1 of the consolidated text of the Capital Enterprises Act (*texto refundido de la Ley de Sociedades de Capital*) approved by Legislative Royal Decree 1/2010, of 2 July. For the purposes of Article 301.1 of the aforementioned consolidated text of the Capital Enterprises Act, it will be understood that the liabilities are liquid, matured and due".

2. After the recent reform of section 2 of Article 100 of the Insolvency Law on the alternative or additional proposals of the agreement, the contradiction existing between the possibility of the conversion of claims envisaged therein and the requirement contained in Article 301.1 of the Insolvency Law for these to be liquid and due at the time of the conversion has been resolved. That being said, since they were prior to this reform, the agreements of Pescanova, S.A. (hereinafter, "PVA") and Pescafina, S.A. (hereinafter, "PF") contained an express clause to overcome the contradiction that at the time

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existed between Article 301 of the Capital Enterprises Act and Article 100 of the Insolvency Law[1]. Hence the Alternative Proposal to these agreements stated: "*For the purposes of Article 301 of the Capital Enterprises Act, in all preceding cases the Junior Credits converted into shares will be considered fully liquid, matured and due*".

3. The foregoing notwithstanding, the fact that the debtor and creditors are obliged by and bound to the content of the agreement, which forms part of the Alternative Proposal (Articles 100 and 139 to 141 of the Insolvency Law) requires that any right of conversion recognised in favour of a creditor must be implemented pursuant to that set forth in said Proposal, under penalty of incurring a breach of the agreement.

2. CONDITIONS FOR THE CAPITALISATION OF THE JUNIOR CREDITS IN THE PVA AND PF AGREEMENTS

4. The PVA and PF agreements are the only agreements whose Alternative Proposal ("the Proposal") contains a right of conversion into capital of Nueva Pescanova, S.L. ("NPVA") to the benefit of the holders of the Junior Credits. The general waiting period of these Credits is 15 years as from the date of effect of those agreements.

5. The Proposal contains different cases of conversion of Junior Credits into shares of NPVA. But not all entail the recognition of a discretionary conversion right by the creditors holding said Credits. Thus, those described below contain cases of compulsory conversion:

[1] See page 7 of the PVA agreement and page 5 of the PF agreement.

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(a) First, the Proposal advises that, should the Junior Credits "not have been fully paid upon their maturity", they "will be refinanced or, otherwise, they will be converted into shares of Nueva Pescanova, S.L.". In such case, the conversion ratio would grant the holders of said credits "10% of the share capital of Nueva Pescanova, S.L.".

(b) Second, the Proposal provides that, in case of "*insolvency or dissolution*" of NPVA, this conversion of the Junior Credits into capital of NPVA "*will be applied in the same terms*", and in such case the Junior Credits would mature early.

(c) The Proposal also provides that the Junior Credits "*will be converted*" into shares of NPVA "*should a Change of Control take place (according to the definition thereof in Appendix 1-A)*" at NPVA, in which case the Junior Credits will also mature early. In this case, a conversion *ratio* will also be applied such "*that it grants the holders of said Junior Credits 10% of the share capital*" of NPVA.

6. Only one of the cases of conversion contained in the Alternative Proposal grants the holders of Junior Credits a discretionary right. However, the discretionary nature is not total but rather the exercise of that right is subject to several conditions:

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(i) The Proposal states that "the Junior Credits may be converted into capital" of NPVA "in the same economic conditions, at the election of the holders of said Credits". Thus, the discretionary exercise within the aforementioned conversion ratio of 10% of the capital of NPVA observed in all the other cases is recognised.

(ii) The Proposal places time conditions on the discretionary exercise of that right, stating that it will be "*exercised at any given time after the* ***third year*** *of the Agreement*".

(iii) And furthermore, the Proposal places quantitative conditions on said right, stating that "provided that this election has been exercised for at least 10% of the outstanding balance of those Junior Credits (this election will not bind those who opt for the payment in cash), those who opt for the early conversion will have the right to the corresponding proportion of the aforementioned 10% according to their weight in the outstanding balance". With this last comment, the intention of the Proposal –logically– is that to "activate" said conversion right, at least a representative portion of the outstanding balance of the Junior Credits (10%) must request it and that, in such case, they should be allocated the corresponding proportion of the 10% of the share capital in NPVA.

7. The following is concluded from the analysis of the clauses of the Alternative Proposal on the conditions that must be met for the discretionary exercise of the power of conversion of Junior Credits into shares of NPVA:

a. The expression Junior Credits refers to the entirety of the amounts of this type of Credits (or Junior Tranche) which will be assumed by NPVA, after

the restructuring operations of the group envisaged in the agreements. This is also confirmed by the fact that said conversion right is observed in relation to the future NPVA (which would assume all of the junior debt). This can only be explained by the final mention in the Alternative Proposal: "*The credits subject to this alternative proposal will be satisfied by NPVA in its status as successor –by virtue of the restructuring– to the claims of the company resulting from applying, at the top thereof, the aforementioned debt relief and grace period*"[2].

b. The conversion *ratio* is always the same: (i) it takes as a convertibility reference the entirety of the Junior Credits, although, in case of discretionary conversion, it is required that this right be exercised by a minimum threshold of 10% of the outstanding balance of the Junior Credits (in which case, the corresponding proportion must be applied in the conversion calculation); (ii) and it allocates to the potential conversion of all of the Junior Credits a maximum shareholding of 10% of the share capital of NPVA.

3. THE ABOLITION OF THE CONVERSION RIGHT IN THE AGREEMENTS OF THE OTHER SUBSIDIARIES OF THE GROUP

8. The aforementioned cases of necessary or compulsory convertibility of the Junior Credits [see above point 5, sections a), b) and c)] contained in the PVA and PF agreements are not present in the agreements subsequently signed with the other subsidiaries of the group. This is explained by the agreement contained in the so-called Insurance Agreement (of assignment of the

[2] See page 7 of the PVA agreement and page 5 of the PF agreement.

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contractual position of the Consortium in favour of G-7), section 4.4 of which states: "*The Company and the Spanish subsidiaries undertake vis-à-vis the Insurers that the "Junior" Tranche of the debt envisaged in the Proposed Agreements of the Subsidiaries (with the exception of that of Pescafina) will not, under any circumstances, be mandatorily convertible into capital of Nueva Pescanova*".

9. This provision explains that, in the agreements of the other subsidiaries, any reference to the mandatory conversion of the Junior Credits into NPVA shares has been removed. However, the removal of the references to the exercise of the conversion right has not only been done with respect to the compulsory cases but also with respect to the discretionary case which we are studying here.

10. The discretionary (although conditional) conversion right having been abolished in the agreements of the remaining subsidiaries, currently, any eventual capitalisation of Junior Credits of NPVA must be in accordance with the following conditions:

11. First, the reference to Junior Credits in the PVA and PF agreements refers to all of the so-called "Junior Tranche" of debt assumed by NPVA following the structural modifications. According to what has been communicated to us, this tranche amounts to 300 million euros.

12. Second, only PVA and PF creditors holding Junior Credits have a discretionary conversion right recognised, with any reference to the conversion of "junior debt" into capital of NPVA having been removed from the other agreements.

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13. Third, the exercise of this discretionary right must comply with the conditions to which it is subject in the PVA and PF agreements: (i) it may be exercised "*at any given time after the **third year** of the Agreement*"; (ii) it may only be executed if said creditors represent "*at least 10% of the outstanding balance of those Junior Credits (this election will not bind those who opt for payment in cash)*"; (iii) and those who opt for this early conversion "*will have the right **to the corresponding proportion** of the said 10% according to their weight in the aforementioned outstanding balance)*".

14. In view of the foregoing, the exercise of this conversion right must cumulatively meet the following conditions:

    a. One qualitative condition: they must be Junior Credits from PVA and PF, insofar as only their agreements provided for this possibility.

    b. A time condition: three years must have elapsed since the establishment of the agreement.

    c. A quantitative condition: this right must be exercised by at least 10% of the outstanding balance of all the Junior Credits.

    d. A proportionality conditions: a conversion right must be recognised in favour of those credits in proportion to said 10% of the share capital of NPVA corresponding to them according to their weight in the outstanding balance.

15. Thus, a priori, only the respective amounts of Junior Credits from PVA and PV could be capitalised (and provided that said right is exercised by creditors representing more than 10% of the outstanding balance). For the purposes of calculating the shareholding in NPVA that would correspond to them, it would be necessary to make the proportional calculation based on

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the fact that the entire Junior Tranche (300 million) represents 10% of the share capital of NPVA. On the basis of this rule, it would be necessary to make the corresponding proportional calculation.

16. However, the possibility of exercising this conversion right is solely a priori. One of the conditions required by the Alternative Proposal (the time condition) is not met: three years have not elapsed since the establishment of the agreement. Thus, the creditors of the Junior Tranche do not currently have a right recognised in the PVA or PF agreements for the conversion of their credits into capital.

4. THE EVENTUAL CONVERSION OF THE JUNIOR CREDITS OUTSIDE OF THAT PROVIDED FOR IN THE AGREEMENTS

17. Since the eventual exercise of the conversion right is not envisaged in the Alternative Proposal of the agreements of PVA and PF, any attempted capitalisation of debt requires compliance with the conditions established for the share capital increase by compensation of credits provided for in our companies law in article 301 of the Capital Enterprises Act. Said operation must, in addition, be assessed, as appropriate, in the light of Article 204 of the Capital Enterprises Act.

4.1. The respect for the conditions of Article 301 of the Capital Enterprises Act on the share capital increase with compensation of credits

18. As we have indicated, the required conditions to exercise the right of conversion granted in the agreements of PVA and PF are not met. This makes it impossible to invoke the specific provision contained in Article 100.2 of the Insolvency Law on the consideration as matured, liquid and due of those credits for which, in the alternative proposals, a conversion right is

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recognised. The provision of the agreements which states that "*For the purposes of Article 301 of the Capital Enterprises Act, in all preceding cases the Junior Credits converted into shares will be considered fully liquid, matured and due*". Said provision cannot be applied in the case contemplated here because, since the conditions for the discretionary conversion exercise are not met, "*the preceding cases*" referred to in that statement do not exist.

19. Thus, to be able to capitalise credits without the coverage granted in Article 100.2 of the Insolvency Law and/or the aforementioned agreement provisional, the essential condition required by Article 301 of the Capital Enterprises Act that all share capital increases with compensation of credits must be met, that is, that said credits must be "*fully liquid and due*". This condition is not met in the case examined here.

20. The Junior Credits are subject to a general waiting period of 15 years. Specifically, the legal effect of agreeing a waiting period in an agreement is the non-enforceability of said credits during the waiting period. None of them are, therefore, repayable pursuant to the requirements of Article 301 of the Capital Enterprises Act. A share capital increase of any Junior Credits of NPVA would violate this precept and could be challenged for violating the Law ex Article 204 et seq. of the Capital Enterprises Act.

4.2. The necessary absence of abuse of rights in the operation

21. Our Capital Enterprises Act prohibits abusive share capital increase resolutions. For those purposes, resolutions adopted (by the majority) in order to dilute the minority shareholders of the company would be considered as such.

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22. The recognition of such a conversion right (outside of the right expressly recognised in the PVA and PF agreements, regardless of the broad or strict interpretation adopted) could eventually be classified in the category of a resolution adopted with "majority abuse" which, as such, could be challenged ex Article 204.1 of the Capital Enterprises Act. This precept expressly states that: "*Corporate resolutions contrary to the Law, contradictory to the bylaws or the regulations of the general meeting of the company or harmful to the corporate interest to the benefit of one or several shareholders or third parties may be challenged. Harm to the corporate interest is also caused when the resolution, while not causing damage to the company's capital, is imposed in an abusive manner by the majority. It is understood that the resolution is imposed in an abusive manner when, without relating to a reasonable need of the company, it is adopted by the majority in self-interest and to the unjustified detriment of the other shareholders*".

5. CONCLUSIONS

23. The right of conversion of the Junior Credits can only be exercised pursuant to the four conditions established for such purposes in the PVA and PF agreements: (i) only creditors holding Junior Credits (or, rather, only the amounts from PVA and PF) can be capitalised; (ii) they may only exercise said right if they represent at least 10% of the outstanding balance; (iii) this right may only be exercised once three years have elapsed since the establishment of the agreement; (iv) if it is exercised, the corresponding proportional calculation of the share in the share capital of NPVA must be calculated, based on the premise that the conversion of all of the Junior Credits could never exceed 10% of that share capital.

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24. The time condition to which the recognition of this right is subject is not met, as three years have not elapsed since the establishment of the agreements. Thus, the holders of Junior Credits (rather, of their amounts) from PVA and PF cannot capitalise them at the moment.

25. Outside of the specific scope of conversion permitted in the PVA and PF agreements, any capitalisation of debt requires compliance with the conditions of Article 301 of the Capital Enterprises Act. Insomuch as the Junior Credits are not liquid or due, their capitalisation would entail a violation of the law, which can be challenged ex Article 204 of the Capital Enterprises Act.

26. Furthermore, such capitalisation could, eventually, be considered abusive (due to oppression of the minority) if its adoption were not justified from an economic point of view and it were proved that the purpose of the operation is the dilution of the minority (contrary to Article 204 of the Capital Enterprises Act).

Madrid, May 2016

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