**Report presented by the Board of Directors of TUBACEX, S.A., for the purposes set forth in Article 529 decies of the Corporations Act, in relation to the resolution on the appointment of Mr. Jorge Sendagorta Gomendio, as a Independant Director, submitted to the Shareholders' Annual General Meeting of 22 May 2018.**

PREAMBLE

Article 529. decies of the Corporations Act, with the drafting provided by Act 31/2014, dated 3 December, sets out the following:

*“1. Members of the board of directors of a listed company shall be appointed by the Shareholders' General Meeting or, in the case of an early vacancy, by the board itself using the co-opting system*

*2. Co-opting in listed companies is to be governed by the provisions of this Act, with the following exceptions:*

*a) Directors appointed by the board need not be shareholders of the company.*

*b) When a vacancy arose after the notice of call of the annual general meeting is made and prior to such meeting being held, the board of directors may designate a board member until the forthcoming Shareholders' General Meeting was held.*

*3. In listed public limited companies (sociedades anónimas) substitutes may not be appointed.*

*4. 4. Motions on the appointment or re-election of board members are the responsibility of the Appointments and Remunerations Committee, in the case of independent directors, and of the Board of Directors itself, in the remaining scenarios.*

*5. Motions shall be accompanied in any event by an explanatory report of the board assessing the competence, experience and merits of the suggested candidate, which is to be attached to the minutes of the Shareholders' General Meeting or of the board meeting itself.*

*6. Motions on the appointment or re-election of any non-independent directors shall further be preceded by a report issued by the Appointments and Remunerations Committee.*

*[..]”.*

In order to fulfill the provisions laid down in sub-section 5 of the aforementioned article, the Board of Directors of TUBACEX, S.A. has drafted this report, attached to the motion for the appointment of Mr. **Jorge Sendagorta Gomendio** as a member of the Board of Directors, with the status of **Independent Director**, that is submitted to the Shareholders' Annual General Meeting of the Company.

For the purposes of making this motion, the Board of Directors has assessed the proposal of the Appointments and Remunerations Committee, in agreement with the provisions laid down in Articles 16, 19, 20 and 21 of the Board of Directors Regulations, having completed an analysis of the current membership of the Board and its needs, assessing the conditions to be fulfilled by board members to exercise their offices, and the dedication required to suitably fulfill their duties.

Furthermore, the Board of Directors, in issuing this report, has assessed, as set forth in the regulations provided above, the competence, experience and merits of the candidate proposed, in the terms provided below:

Sin 2000 Mr. Sendagorta is Chairman and CEO of SENER, an ingenieering group that invoices 780Million euros and employs more than three thousand people very wellknown for his innovation capacity and international performance.

He jointed the company in 1986 as Deputy General Manager, after having worked for many years as Technical Manager in a construction company and afterthat founfing and managing Seaplace, an ingenieering company specialized on offshore platforms.

He jointed the company in 1986 as General Manager after having worked many years in

Has a Master in Oceanic engineering by M.I. and he is Doctor on naval Engineering by Universidad Politécnica de Madrid, where he finished his academy training with the PADE from IESE Business School en 1990.

Nowadays is Chairman of IESE former students associates the and has been the Chairman of the Círculo de Empresarios Vasco until April 2018.

The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.