This report is prepared in connection with the proposals of amendment of the Articles of Association and of the Regulations of the General Shareholders’ Meeting as set out in items ninth and tenth on the agenda of the Ordinary General Shareholders’ Meeting of Grifols, S.A. (hereinafter, “Grifols” or the “Company”) to be held on first call at Avenida Generalitat 152-158, Polígono Can Sant Joan, Sant Cugat del Vallès (Barcelona), at 12:00 hours CET on May 25, 2017, and on second call on May 26, 2017 at the same place and time (hereinafter the “Ordinary Meeting”).

The report is issued in accordance with the provisions of article 286 of Legislative Royal Decree 1/2010, dated 2 July, by means of which the amended text of the Companies Act (Ley de Sociedades de Capital) (hereinafter, the “CA”) is approved, and article 3.1 of the Regulations of the General Shareholder Meeting. The report only analyses the commercial aspects required by the previously mentioned articles.

I. NINTH PROPOSAL ON THE AGENDA: AMENDMENT OF ARTICLE 7 OF THE REGULATION OF THE GENERAL SHAREHOLDERS’ MEETING CONCERNING THE COMPETENCES OF THE GENERAL SHAREHOLDERS’ MEETING, IN ORDER TO ADAPT ITS CONTENT TO THE LATEST AMENDMENTS OF THE COMPANIES ACT ON MATTERS OF ISSUANCE OF BONDS AND OTHER SECURITIES.

The proposed amendment refers to article 7 of the Regulation of the General Shareholders' Meeting and, specifically, to the competencies of the General Shareholders' Meeting as regards the passing of resolutions. The proposed amendment implies eliminating point f) (the issuance of numbered series of bonds or other securities, whether convertible or not, that may recognise or create a debt) as a particular competence of the General Shareholders' Meeting to adapt such article to the novelties introduced to the CA by law 5/2015 for the promotion of business financing. With the entry into force of such law for the promotion of business financing, the faculty of issuing bonds (as long as these are non-convertible bonds and do not allow the bondholder to participate in the company's earnings) is passed from being an authority of the Shareholders' Meeting to that of the Board of Directors. Thus, it is proposed to amend the Company's Regulation of the General Shareholders' Meeting to adapt it to the regulations currently in force, eliminating the issuance of bonds as a particular competence of the General Shareholders' Meeting notwithstanding the fact that, by law, certain issuances of bonds are a competence of the General Shareholders' Meeting.

Once the amendment is approved, if applicable, the numbering of the authorities will be adjusted so that they follow a sequential order from letter a) to letter n).

Consequently, the current wording of article 7 and the proposed amendment to be submitted to the General Shareholder's Meeting is as follows (new wording appears underlined):
Wording of the Regulation of the General Shareholders’ Meeting in force

Article 7. Competence of the General Meeting

1. The General Shareholders’ Meeting, duly called and summoned, shall decide on all matters relating to its competence, in accordance with the Law and the Articles of Association.

2. In particular, the General Shareholders’ Meeting shall be in charge of passing the following resolutions:

(a) the approval, as the case may be, of the corporate management and of the annual accounts and the allocation of the results;

(b) the appointment and dismissal of the members of the Board of Directors;

(c) the appointment and removal, in accordance with the legal requirements, of the Auditors;

(d) the amendment of the Articles of Association;

(e) the increase and reduction of the share capital, with suppression, if applicable, of the preferential subscription right; the delegation to the Board of Directors, within the terms foreseen by law, of the authority to set the date or dates for the execution of the agreed capital increase; the authorisation to the Board of Directors to increase the capital pursuant to the provisions contained in article 297.1.b of the Companies Act (Ley de Sociedades de Capital);

(f) the issuance of numbered series of bonds or other securities, whether convertible or not, that may recognise or create a debt;

(g) the transformation, merger, split-off and dissolution of the Company, as well as those transactions with an effect equal to the liquidation of the Company;

Wording of the proposed amendment

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(f) the issuance of numbered series of bonds or other securities, whether convertible or not, that may recognise or create a debt;

(g) the transformation, merger, split-off and dissolution of the Company, as well as those transactions with an effect equal to the liquidation of the Company;
(h) the establishment, pursuant to any legal requirements, of the remuneration policy of the Board of Directors, which shall be adjusted, where applicable, to the laid down statutory remuneration system, and the application, as the case may be, of board members and company officers payment systems, through the distribution of shares, of option rights over the shares, or of incentives related to the value of the Company shares;

(i) the authorisation for the derivative acquisition of own shares;

(j) the exercise of the Company’s action for liability, according to requirements established by Law;

(k) the approval and amendment of the Regulations of the General Shareholders’ Meeting;

(l) the creation of a corporate web page;

(m) the acquisition, transfer or contribution of essential assets to another company;

(n) the transfer to controlled entities of essential activities developed until that point by the Company, although the Company retains full control of said entities; and

(o) any other matter attributed to it by law of by the Articles of Association.

II. TENTH PROPOSAL ON THE AGENDA: AMENDMENT OF ARTICLE 24.TER OF THE ARTICLES OF ASSOCIATION CONCERNING THE AUDIT COMMITTEE, IN ORDER TO ADEQUATE ITS CONTENT TO THE LATEST AMENDMENTS OF THE COMPANIES ACT INTRODUCED BY THE AUDIT ACT CURRENTLY IN FORCE.

Amend article 24.ter of the Articles of Association with respect to the composition and responsibilities of the Audit Committee, in order to adapt it to the novelties introduced in the CA by the Audit Act.

Article 24.ter.- Audit Committee.-
1. The Audit Committee shall be composed of a minimum of three (3) directors and a maximum of five (5), to be appointed by the Board of Directors taking into account their knowledge, competence and experience in accounting, audit and risk management and Committee duties. The Audit Committee shall be exclusively composed by non-executive directors of which at least two must be independent directors.

2. The Chairperson of the Committee, whose position shall be held by an independent director, will be appointed by the Board of Directors. The Chairperson shall be replaced every four (4) years, being eligible for re-election only after one (1) year has elapsed since his dismissal. The Board of Directors will appoint the Secretary of the Audit Committee, who may be (a) one of the members of the Audit Committee (being, in such case, Secretary member of the Audit Committee), (b) any other member of the Board of Directors of the Company who is not a member of the Audit Committee (being, in such case, Secretary non member of the Audit Committee), or (c) the Secretary or a Vice secretary of the Board of Directors of the Company (being, in such case, Secretary non member of the Audit Committee). The Secretary shall record in the minutes the resolutions passed at each Meeting of the Committee and report to the full Board of Directors through its Chairperson. The Audit Committee shall be deemed validly held when it is attended by half plus one of its members, either present or represented by proxy. Resolutions shall be passed by absolute majority of the members of the Board present at the meeting. In the event of a tie, the Chairperson shall have the casting vote.

3. Notwithstanding the provisions of the Law, of these Articles of Association or other commitments assigned to it by the Board of Directors, the Audit Committee shall have the following basic responsibilities:

(a) To inform the General Shareholders' Meeting of any issues raised on matters for which the
Committee is responsible;

(b) To supervise the efficiency of the Company's internal control, internal audit and risk management systems, including those related to tax matters, as well as discussing, with the auditor, any major flaws in the control system identified during the audit process;

(c) To monitor the preparation and presentation process of the perceptive financial information;

(d) To submit to the Board of Directors any proposals regarding the selection, appointment, reelection and substitution of the external auditor, including the terms of his contract and requests for information on the audit strategy and execution, in addition to performing his duties independently;

(e) To establish the appropriate relationships with the external auditor to receive information about any issues that may put his independence at risk, and which the Audit Committee will examine, and any other issues regarding the development of the audit of accounts process, as well as any notifications required in the audit of accounts legislation and in the audit regulations. In any case, annually receive from the external auditors a statement of their independence in relation to the entity, or any entities

Committee is responsible and particularly with respect to the results of the audit of the annual accounts, explaining how it has contributed to the integrity of the financial information, and the role that the Committee has played in such process:

(b) To supervise the efficiency of the Company's internal control, internal audit and risk management systems, including those related to tax matters, as well as discussing, with the auditor, any major flaws in the control system identified during the audit process without jeopardizing its independence. To such effects, the Committee may, if applicable, submit recommendations or proposals to the Board of Directors and the corresponding period of time for their monitoring;

(c) To monitor the preparation and presentation process of the perceptive financial information and present recommendations or proposals to the Board of Directors directed to safeguarding its integrity;

(d) To submit to the Board of Directors any proposals regarding the selection, appointment, reelection and substitution of the external auditor, being responsible for the selection process in conformity with the applicable regulations, including the terms of his contract and requests for information on the audit strategy and execution, in addition to performing his duties independently;

(e) To establish the appropriate relationships with the external auditor to receive information about any issues that may put his entail a threat to his independence at risk, and which the Audit Committee will examine, and any other issues regarding the development of the audit of accounts process, and, when applicable, the authorization of the services different from those prohibited in the terms established in the applicable regulations as regards independence as well as
directly or indirectly related to it, as well as any information on any kind of ancillary services provided and the corresponding fees paid by these entities to the external auditor or the persons or entities related to it in accordance with the account audit legislation;

(f) Prior to issuing the audit of accounts report, annually issue a written opinion on the independence of the auditor. This opinion must include, at the very least, an assessment of the provided ancillary services mentioned above, which shall be individually and jointly assessed, different from the legal audit, and on the subject of the independence status or audit regulations; and

(g) To inform the Board of Directors in advance about any issues set out in the Law, the Articles of Association and the Board's Regulations, and specifically about:

1. any financial information that the company must make public from time to time;
2. the creation or acquisition of shares in special purpose entities or in entities resident in countries or territories that are considered tax havens; and
3. transactions with related parties.

4. The Audit Committee shall meet as regularly as required to ensure the correct development of its duties.

5. Any member of the executive board or the staff of Company whose presence is required by the Chairperson is obliged to attend the meetings of the Committee and to provide the assistance and any notifications required in the audit of accounts legislation and in the audit regulations. In any case, annually receive from the external auditors a statement of their independence in relation to the entity, or any entities directly or indirectly related to it, as well as any detailed and individualized information on any kind of ancillary services provided and the corresponding fees paid by these entities to the external auditor or the persons or entities related to it in accordance with the regulations applicable to the audit of accounts activity account audit legislation;

(f) Prior to issuing the audit of accounts report, annually issue a written opinion on whether the independence of the auditors or audit firms has been compromised. This opinion must include, at the very least, a reasoned assessment of each and every one of the provided ancillary services mentioned above, which shall be individually and jointly assessed, different from the legal audit, and on the subject of the independence status or regulations applicable to the audit of accounts activity audit regulations; and

(g) To inform the Board of Directors in advance about any issues set out in the Law, the Articles of Association and the Board's Regulations, and specifically about:

1. any financial information that the company must make public from time to time;
2. the creation or acquisition of shares in special purpose entities or in entities resident in countries or territories that are considered tax havens; and
3. transactions with related parties.

4. The Audit Committee shall meet as regularly as required to ensure the correct development of its duties.

5. Any member of the executive board or the staff of Company whose presence is required by the Chairperson is obliged to attend the meetings of the Committee
information requested. The Chairperson may also request the attendance of the auditors to the meetings.

6. The Audit Committee may seek the advice of external consultants in order to ensure a better performance of its functions.

I. RESOLUTION PROPOSALS TO BE SUBMITTED TO THE GENERAL MEETING

The complete text of the proposed resolutions on the amendments of the Company’s Articles of Association and the Regulations of the General Shareholders Meeting may be examined in the document called “Proposed Resolutions to be Submitted to the General Shareholders Meeting”, which is made available to the shareholders of Grifols together with this report and the remaining documentation of the Ordinary Meeting.

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Barcelona, 31 March 2017
The Board of Directors

THIS DOCUMENT CONSTITUTES A TRANSLATION INTO ENGLISH OF THE OFFICIAL SPANISH VERSION OF THE BOARD OF DIRECTORS’ REPORT REGARDING THE RESOLUTIONS TO BE SUBMITTED TO THE APPROVAL OF THE GENERAL SHAREHOLDERS’ MEETING. IN CASE OF DISCREPANCIES, THE OFFICIAL SPANISH VERSION SHALL PREVAIL.