

Madrid, 12 May 2015

**REPORT BY THE FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
ADMINISTRATION BOARD ABOUT THE APPOINTMENT AND RE-ELECTION OF
COUNSELLORS PROPOSALS**

(i) BACKGROUND AND JUSTIFICATION OF THE PROPOSALS

The current report is drafted by the Administration Board of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. in accordance with what has been established in the articles 529i.5 of the Spanish Corporate Law, incorporated by the Law 31/2014, of 3 December, for which it is amended to improve the corporate governance, to justify the following proposals of appointment/re-election of counsellors that are submitted to the approval of the General Meeting of Shareholders under the item 6th of the agenda:

- (I) Appointment of SAMEDE INVERSIONES 2010, S.L. INDIVIDUAL, re-election of DOMINUM DIRECCIÓN Y GESTIÓN, S.A., appointment of INMOBILIARIA AEG, S.A. of CV, INMUEBLES INSEO, S.A. of CV, MR. ALEJANDRO ABOUMRAD GONZÁLEZ and MR. GERARDO KURI KAUFMANN, all of them in the capacity of proprietary counsellors.
- (II) The proposal of appointment of MR. MANUEL GIL MADRIGAL, MR. HENRI PROGLIO and MR. ÁLVARO VÁZQUEZ DE LAPUERTA, all of them in the capacity of independent counsellors.

The object of the current report is to value the competence, experience and merits of the candidates, which appointment and re-election is proposed to the General Board, for which the Administration Board has taken in consideration the adequacy of the counsellors' professional profiles and the peculiarities of the business as well as the Company internationalisation.

The Administration Board has verified, additionally, that the candidates have the requirements of reputation, suitability, solvency, competence, experience, qualification, training, availability and compromise with the function.

The Appointments and Retributions Commission has previously issued a report in which it values the dedication of the non-independent counsellors whose appointment and/or re-election is proposed to their position that has been approved in their meeting of 12 May 2015.

Additionally, the Commission agreed in that meeting to propose the appointment of MR. MANUEL GIL MADRIGAL, MR. HENRI PROGLIO and MR. ÁLVARO VÁZQUEZ DE LAPUERTA as counsellors, in the capacity of independent counsellors.

(ii) PROPOSALS

SAMEDE INVERSIONES 2010, S.L.U. (Mrs. Esther Koplowitz Romero de Juseu)

Graduated on Philosophy and Literature at Madrid University, has developed her corporate experience in the international arena as Manager of Veolia and Manager of Vivendi. Is Founder and Chairman of Esther Koplowitz Foundation, from which dedicates special interest to the development of important projects for the neediest.

For her great entrepreneur and business work, among other recognitions, it has been granted to her, the Great Cross to Civil Virtue, the Gold Medal of Madrid Community, the Gold Medal and the title of the Academy of Honour of the Real Academy of History, with the title of Adoptive daughter of Valencia, the Shield of the City of Barcelona, the award Business Leader of the Year, granted by the Chamber of Commerce of Spain in US., the Award Blanquerna of the Generalitat of Catalonia, the Great Cross of Public Health of Madrid, the gold and diamonds Insignia of the Foundation of Orphans of the Police, the Cross of the Order of the Knights of the French Legión of Honour and the Great Cross to Environmental Virtue. On June 2014 received the Gold Medal to Virtue of Work and at October of the same year received the prize "Conde de Latores" for the Humanitarian Services. On January 2015 has been con-decorated with the Great Cross of the Order of Alfonso Xth the Wise.

She is first deputy chairman and proprietary director, appointed under the proposal of Dominum Dirección y Gestión, S.A.

The Administration Board, in light of the Appointments and Retributions Commission report, considers that the SAMEDE INVERSIONES 2010, S.L.U. performance as member of the Company Administration Board since its appointment by co-option on 13 April 2015 has been very adequate in all its aspects: position as a counsellor; quantity and quality of its work; and dedication to the position.

Additionally, the Administration Board, in light of the Appointments and Retributions Commission Report values that the curriculum and the business experience of Mrs. Esther Koplowitz Romero de Juseu, certify that she has the competences, experience and adequate merits to be in the position of natural person representing the counsellor SAMEDE INVERSIONES 2010, S.L. INDIVIDUAL.

Therefore, in the Administration Board opinion, it is recommended that she is appointed as counsellor, in capacity of proprietary counsellor.

DOMINUM DIRECCIÓN Y GESTIÓN, S.A. (Mrs. Carmen Alcocer Koplowitz)

Graduated on Law at Francisco de Vitoria of Madrid University. She is the member of the Esther Koplowitz Foundation trust.

She is proprietary counsellor appointed at the proposal of SAMEDE INVERSIONES 2010, S.L.U.

The Administration Board, in light of the Appointments and Retributions Commission report, considers that the DOMINUM DIRECCIÓN Y GESTIÓN, S.A. performance as

member of the Company Administration Board since its appointment on 27 May 2010 has been very adequate in all its aspects: position as a counsellor; quantity and quality of its work; and dedication to the position.

Additionally, the Administration Board, in light of the Appointments and Retributions Commission Report values that the curriculum and the business experience of Mrs. Carmen Alcocer Koplowitz, certify that she has the competences, experience and adequate merits to be in the position of natural person representing the counsellor DOMINUM DIRECCIÓN Y GESTIÓN, S.A.

Therefore, in the Administration Board opinion, it is recommended that she is re-elected as counsellor, in capacity of proprietary counsellor.

INMOBILIARIA AEG S.A. of C.V. (Mr. Carlos Slim Helú)

Civil Engineer at National Autonomous University of Mexico (UNAM). Founder of the Group Carso, S.A.B. of CV., as well as Teléfonos de México (Telmex), América Móvil and Financial Group Inbursa; founder of Inversora bursátil. He has been deputy chairman of Bolsa Mexicana de Valores and chairman of the Mexican Association of Stock Houses. He has been the first chairman of Latin-American Committee of the Management of the Value Stocks of New York. At present is Chairman of Management Board of Carso Infrastructures and Building (CICSA), Minera Frisco and Chairman of the Foundation Carlos Slim of Education, A.C. and the Foundation Telmex, A.C. Additionally, is member of the Management Board of Inmuebles Carso, Ideal and trustee of banking Foundation "La Caixa".

INMOBILIARIA AEG S.A. of C.V. is proprietary counsellor appointed on the proposal of Control Empresarial de Capitales, S.A. of C.V.

The Administration Board, in light of the Appointments and Retributions Commission report, considers that the INMOBILIARIA AEG, S.A. of C.V. performance as member of the Company Administration Board since its appointment by co-option on 13 January 2015 has been very adequate in all its aspects: position as a counsellor; quantity and quality of its work; and dedication to the position.

Additionally, the Administration Board, in light of the Appointments and Retributions Commission Report values that the curriculum and the business experience of Mr. Carlos Slim Helú, certify that he has the competences, experience and adequate merits to be in the position of natural person representing the counsellor INMOBILIARIA AEG, S.A. of C.V.

Therefore, in the Administration Board opinion, it is recommended that she is appointed as counsellor, in capacity of proprietary counsellor.

INMUEBLES INSEO S.A. de C.V. (Mr. Juan Rodríguez Torres)

Civil Engineer at National Autonomous University of Mexico. He has complete studies on planning and operational research of UNAM. He also has carried out studies on Management of enterprises at IPADE and has a degree on pre-stressed concrete in

Paris. He has founded the Asociación Mexicana Empresarial de Generación. He has been chairman of production and Controller of Preesforzados Mexicanos, S.A. of ICA and General Manager of Domit Group, of shoe sector. He currently is Counsellor of Minera Frisco, S.A.B. of S.A. of C.V. and member of the Consultant Board of Banamex-Citi. He is counsellor of Cementos Portland Valderrivas, S.A.

INMUEBLES INSEO, S.A. of C.V. is proprietary counsellor on the proposal of Control Empresarial de Capitales, S.A. of C.V.

The Administration Board, in light of the Appointments and Retributions Commission report, considers that the INMUEBLES INSEO, S.A. of C.V. performance as member of the Company Administration Board since its appointment by co-option on 13 January 2015 has been very adequate in all its aspects: position as a counsellor; quantity and quality of its work; and dedication to the position.

Additionally, the Administration Board, in light of the Appointments and Retributions Commission Report values that the curriculum and the business experience of Mr. Juan Rodríguez Torres, certify that he has the competences, experience and adequate merits to be in the position of natural person representing the counsellor INMUEBLES INSEO, S.A. of C.V.

Therefore, in the Administration Board opinion, it is recommended that she is appointed as counsellor, in capacity of proprietary counsellor.

MR. ALEJANDRO ABOUMRAD GONZÁLEZ

Industrial Engineer at Anáhuac University. He has worked in subsidiary and related companies of Carso Group during the last 14 years, during five of which he was working for the Financial Group Inbursa in the field of Evaluation of Projects and Evaluation of Risks. He is member of the Management Board of Inmuebles Carso, S.A.B. of C.V. and Minera Frisco, S.A.B. of C.V., holding in this last company the post of Managing Director.

Mr. Aboumrad González is proprietary counsellor on the proposal of Control Empresarial de Capitales, S.A. of C.V.

The Administration Board, in light of the Appointments and Retributions Commission report, considers that MR. ALEJANDRO ABOUMRAD GONZÁLEZ performance as member of the Company Administration Board since its appointment by co-option on 13 January 2015 has been very adequate in all its aspects: position as a counsellor; quantity and quality of its work; and dedication to the position.

Additionally, the Administration Board, in light of the Appointments and Retributions Commission Report values that the curriculum and the business experience of ALEJANDRO ABOUMRAD GONZÁLEZ, certify that he has the competences, experience and adequate merits to be in the counsellor position.

Therefore, in the Administration Board opinion, it is recommended that she is appointed as counsellor, in capacity of proprietary counsellor.

MR. GERARDO KURI KAUFMANN

Industrial Engineer at Anáhuac University. From 2008 to 2010 acted at the post of Buying Director of Carso Infraestructuras and Construcción, S.A.B. of CV. Since the constitution of Inmuebles Carso, S.A.B of CV has assumed the post of General Manager of it. He is member of the Administration Board of Minera Frisco S.A.B of CV., Elementia, S.A. and Philip Morris México, S.A. of CV. He is part of the Administration Board of Administración of Inmuebles Carso, S.A.B of CV. He is Deputy Manager of Cementos Portland Valderrivas, S.A.

Mr. Kuri Kaufmann is proprietary counsellor on the proposal of Control Empresarial de Capitales, S.A. of C.V.

The Administration Board, in light of the Appointments and Retributions Commission report, considers that MR. GERARDO KURI KAUFMANN performance as member of the Company Administration Board since its appointment by co-option on 13 January 2015 has been very adequate in all its aspects: position as a counsellor; quantity and quality of its work; and dedication to the position.

Additionally, the Administration Board, in light of the Appointments and Retributions Commission Report values that the curriculum and the business experience of MR. GERARDO KURI KAUFMANN, certify that he has the competences, experience and adequate merits to be in the counsellor position.

Therefore, in the Administration Board opinion, it is recommended that she is appointed as counsellor, in capacity of proprietary counsellor.

MR. MANUEL GIL MADRIGAL

Graduated on Law and Business Sciences (E-3) at ICADE, is founder partner of the company Tasmania Gestión. In the year 2000 had been also the founder of financial company N---+1 and had been manager of Ezentis, Funespaña, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. In his professional trajectory he has also been the director of Mercados de Capitales de AB, partner of Morgan Stanley and auditor at Arthur Anderson.

Mr. Gil Madrigal is independent counsellor from his appointment acceptance by co-option by the Administration Board on 27 February 2015.

The Administration Board, in light of the Appointments and Retributions Commission proposal, considers that owing to the personal and business experience of Mr. Gil Madrigal, recommends his appointment as counsellor, in the capacity of independent counsellor.

MR. HENRI PROGLIO

Graduated in HEC, Business School of Paris 1971. He has been independent manager of FCC, S.A. since May 2010 until September 2014. Among other positions, he has been the chairman of the Veolia Medio Ambiente Administration Board, Chairman of the Management Board of the business units of Vivendi Medio Ambiente: Aguas Generales and Vivendi Agua, CGEA (Onyx: waste management Connex:

transport), and Dalkia (energy services), Deputy chairman of Management of the Vivendi Agua, Executive deputy chairman of the Company Générale des Eaux, member of the Management Board Compagnie Générale des Eaux and Chairman and General Director of CGEA, subsidiary of Compagnie Générale des Eaux in transport and Management of waste. He has the con-decoration of French Légion of Honour. At present is chairman and Manager of EDF, and member of Management Board of and the Committee of Survival of Dassault Aviation, Natixis, CNP Insurances.

Mr. Proglia is independent counsellor from his appointment acceptance by co-option by the Administration Board on 27 February 2015.

The Administration Board, in light of the Appointments and Retributions Commission proposal, considers that owing to the personal and business experience of Mr. Proglia, recommends his appointment as counsellor, in the capacity of independent counsellor.

MR. ALVARO VÁZQUEZ DE LAPUERTA

Graduated on Law and Business Sciences (E-3) at ICADE, is presently partner of the firms Akiba Partners and Meridia Capital Partners. He has been General Manager for Spain and Portugal of Dresdner Kleinwort and managing director and responsible of Relations with Inverters of the values company BBVA Bolsa. He previously had carried out diverse responsibilities in JP Morgan in Mexico, New York, London and Madrid.

Mr. Vázquez de Lapuerta is independent counsellor from his appointment acceptance by co-option by the Administration Board on 27 February 2015.

The Administration Board, in light of the Appointments and Retributions Commission proposal, considers that owing to the personal and business experience of Mr. Vázquez de Lapuerta, recommends his appointment as counsellor, in the capacity of independent counsellor.