

REPORT TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS ON 29 JUNE 2006 REGARDING THE AMENDMENTS TO THE "REGULATION OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A." SINCE THE LAST GENERAL MEETING OF SHAREHOLDERS.

The Rules of the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. were approved by the Board on 14 June 2004. Since then, the Board of Directors made amendments at its meetings on 26 October 2004 and 22 December 2004.

Several amendments have been introduced since the last General Meeting of Shareholders on 21 June 2005, all of which were resolved by the Board at its meeting on 18 May 2006.

The detail of the articles amended at that meeting is as follows:

- ✓ **Article 13, section 1:** the text relating to the real name of the Shareholder Relations Department was adapted to the new name of "Stock Market and Shareholder Relations Department".
- ✓ **Article 21:** the last subsection of this article was eliminated so that directors must abstain from attending or intervening in the deliberations that affect matters in which they may have a personal interest, and from voting in the corresponding decisions, in line with article 25.1 of the Regulation.
- ✓ **Article 22, section 2:**
 - o **letter f):** the phrase "unless expressly authorised by the Board" was added to section f) regarding article 127 ter of the Spanish Corporations Law, which establishes that "in the event of a conflict, the director shall abstain from intervening in the transaction to which the conflict refers" since, if that transaction is authorised by the Board, nothing prevents the director from entering into contracts with the company.
 - o **letter f):** references to the Corporate Responsibility Department are included in order to channel through this body all the information that directors are obliged to provide to the Company periodically.

- ✓ **Article 25:**
 - o **section 2, letter a)**: "persons with an analogous relationship" was included, in addition to spouse, in line with the current article 127 ter of the Spanish Corporations Law, implemented by Law 26/2003, dated 17 July.
 - o **section 3:** the reference to the Corporate Responsibility Department is included in order to channel through this body all the information that directors are obliged to provide to the Company periodically.
- ✓ **Article 29, first paragraph and section a)**: references to the Corporate Responsibility Department are included in order to channel through this body all the information that directors are obliged to provide to the Company periodically. The Shareholder Relations Department was changed to the "Stock Market and Shareholder Relations Department". The period for directors to inform the company of certain transactions was shortened from five to three days.
- ✓ **Article 38, section 4:** the possibility that Board of Directors meetings may be held using new technologies was included provided that this is justified by reasons that make it impossible or difficult for directors to attend, so that they may attend by means of distance communication.
- ✓ **Article 40, section 7:** the Executive Committee meeting will not be held in the same months as the Board of Directors meeting, which will deal directly with the matters ordinarily in the brief of the Executive Committee.
- ✓ **Article 41:**
 - o **Section 7:** technical amendment to include the references to the adopted resolutions in the content of the Audit and Control Committee's minutes.
 - o **Section 11:** the references relating to the Articles of Incorporation were updated (articles 38 and 39 of the Articles of Incorporation).
- ✓ **Article 42, section 2:** technical amendment to include the reference to the adopted resolutions in the text of the Appointment and Remuneration Committee's minutes.
- ✓ **Article 43, section 2:** technical amendment to include the reference to the adopted resolutions in the content of the Strategy Committee's minutes.