

## FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

### Full texts of the resolutions proposed by the Board of Directors to the General Meeting of Shareholders on 29 June 2006

1. Examination and approval of the financial statements (balance sheet, income statement and notes to financial statements) and management reports of Fomento de Construcciones y Contratas, S.A. and its consolidated group for 2005, as well as the Board of Directors' conduct of business. (Item 2 of the Agenda)

It is proposed: "To approve the balance sheet, income statement, notes to financial statements and management reports of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and its consolidated group for 2005. Those documents have obtained a favourable report from the Audit and Control Committee and the Company's auditors."

It is also proposed: "To approve the Board of Directors's conduct of the company's business in 2005."

2. Examination and approval of the proposed distribution of 2005 income. (Item 3 of the Agenda)

It is proposed: "To approve the following proposal by the Board of Directors as to the application of the 2005 income of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which amounts to a profit of 237,554,111.49 euro:

- At a meeting on 21 December 2005, the Board of Directors declared an interim dividend of 0.766 euro gross per share with dividend rights at the time of payment. There were 130,133,161 such shares; consequently, the total interim dividend distributed amounted to 99,682,001.33 euro.
- It is proposed now to pay a supplementary dividend of 0.848 euro per share with dividend rights at the time of payment.

From the foregoing amount, an amount of 0.1272 euro per share (15% of the gross amount of the supplementary dividend) will be withheld on account of personal or corporate income tax, as appropriate, leading to a net supplementary dividend of 0.7208 euro per share.

- The amount obtained by subtracting the interim dividend and the aforementioned supplementary dividend from total income will be appropriated to voluntary reserves.

The supplementary dividend will be paid on 10 July next through the following banks: Banco Bilbao Vizcaya Argentaria (BBVA), Banco Santander Central Hispano (SCH), Caja de Ahorros y Monte de Piedad de Madrid (Cajamadrid), Caja de Ahorros y Pensiones de Barcelona (La Caixa) and Bancoval.

- Additionally, in accordance with article 36 of the Articles of Incorporation, and following a favourable report by the Appointments and Remuneration Committee, it is proposed to approve the remuneration for the Company's Board of Directors for 2005, which amounts to 1,654,151 euro, equivalent to 0.3925% of consolidated income attributable to Fomento de Construcciones y Contratas, S.A.

3. Amendment to the Articles of Incorporation: articles 13 (Types of General Meetings), 14 (Meeting Announcements), 18 (Legitimation for attending General Meetings), 30

**(Board: Announcement. Meetings), 32 (Board: Deliberations. Resolutions. Minutes), 37 (Board Remuneration) and 38 (the Audit and Control Committee). (Item 4 of the Agenda)**

Based on the report by the Directors, which has been available to shareholders since the announcement of the General Meeting of Shareholders, the following new wording is proposed for articles 13 (Types of General Meetings), 14 (Meeting Announcements), 18 (Legitimation for attending General Meetings), 30 (Board: Announcement. Meetings), 32 (Board: Deliberations. Resolutions. Minutes), 37 (Board Remuneration) and 38 (the Audit and Control Committee). (Item 4 of the Agenda):

**Article 13. Types of General Meetings.**

The General Meetings may be ordinary or extraordinary and shall be convened by the Company's directors.

An ordinary General Meeting shall necessarily be held within the first six (6) months of each financial year to examine the management of the company and to approve, where applicable, the accounts for the previous financial year and to decide on the application of profits/losses. At this meeting the shareholders may also pass any other resolution put up to vote which is included on the meeting agenda.

The Ordinary General Meeting of Shareholders shall be valid even if it is convened or held outside the required period.

Any meeting other than the one described in the preceding paragraph shall be considered an Extraordinary General Meeting.

**Article 14. Meeting Announcements.**

General Meetings, whether ordinary or extraordinary, shall be convened by placing an announcement in the Official Gazette of the Business Register and in one of the daily newspapers with the greatest circulation in the province at least one month in advance of the meeting date. The announcement may also indicate an alternate meeting date. There must be at least twenty-four (24) hours between the scheduled meeting date and the alternate meeting date.

The announcement shall indicate the place, date and time of the General Meeting and the issues to be addressed. It shall also indicate the right of shareholders to examine the documentation to be submitted to shareholders for approval at the Company's registered offices and the right to obtain, immediately and free of charge, copies of such documents as well as the Auditors' report and the corresponding technical reports.

Shareholders who own at least 5% of capital may request that a supplement be added to the meeting announcement, adding one or more items to the agenda. The shareholders who wish to exercise that right must send that supplement via certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement must be published at least fifteen days prior to the scheduled meeting date.

**Article 18. Legitimation for attending General Meetings.**

Shareholders possessing one or more shares, including those without voting rights, shall be entitled to attend the General Meeting, provided that the ownership of the shares is registered in the ledger of account entries at least five days in advance of the Meeting date and the shareholder accredits such ownership at the Company's registered offices or any other location indicated by the Company, by exhibiting the pertinent certificate.

Directors, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings upon request. Company directors shall be

obliged to attend. For any matter not specifically addressed in this Article with regard to the right to attend General meetings, the provisions of the Public Corporation Act shall apply.

Shareholders may attend the General Meeting of Shareholders by means of distance communication, in accordance with the Rules of the General Meeting of Shareholders, provided that the governing body so decides.

When each General Meeting of Shareholders is announced, the Board of Directors will evaluate whether there are distance communication methods available that permit the shareholders to vote and/or delegate their votes remotely, duly guaranteeing the identity of the shareholder exercising the right to vote or, in the case of a proxy, the identity of the principal and agent and whether the use of such methods is feasible. If the Board of Directors determines that such methods are available and can be used, it shall mention this in the announcement, specifying the communication methods that shareholders may use to exercise their representation rights, exercise or delegate their vote and attendance. It shall also contain the deadlines, forms and ways in which shareholders can attend the Meeting by electronic or telematic means

#### **Article 30. Announcement. Meetings.**

The Board shall convene whenever four of its members or the Executive Committee request a meeting (in which case the meeting must be held within 15 days of the receipt of the request) or by agreement of the Chairman or his replacement, in whose name the Secretary shall announce the meetings by letter, telegram or fax sent to each board member at least four (4) days in advance of the meeting date. In an emergency situation, the minimum advances notice will be 48 hours.

The meetings will be held at the Company's offices or in any location previously notified by the Chairman and indicated in the announcement.

Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, and where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees.

#### **Article 32. Deliberations. Resolutions. Minutes.**

The deliberations will be directed by the Chairman or, in his absence, by the Vice-President. In the latter's absence they will be directed by the oldest board member.

The Chairman will be assisted at the meeting by the Secretary or by the Assistant Secretary. If the latter is absent, he will be replaced by a board member chosen by the board.

The Chairman will give the floor to those board members who wish to speak until he considers that the matter has been sufficiently debated, after which it will be put up to vote.

Resolutions will be passed by absolute majority of the board members, with the exception of the permanent delegation of all or some of the powers which may legally be delegated by the Board of Directors to the Executive Committee, the Chairman or the Managing Directors, and the designation of the board members to occupy those posts, which shall require the favourable vote of two-thirds of the board members in order to be validly passed.

At the Chairman's initiative, the Board of Directors may pass resolutions in writing without a meeting, provided that no board member opposes this procedure.

When this voting method is used, the Secretary of the Board of Directors will make a note of the resolutions passed in the minutes, expressing the names of the board members and the voting system used, indicating how each board member voted. In this case, the resolutions will be considered to have been passed at the company's headquarters on the date when the last vote is received.

A note shall also be made indicating that no Board member has opposed the procedure.

Written votes must be handed in within ten days of receiving the request to cast a written vote. Otherwise, they will be invalid.

After the deadline for casting written votes, the Secretary will notify the board members of the outcome of the vote or of the impossibility of using this voting procedure because of a board member's opposition to it.

The discussions and resolutions of the Board will be set down in the minutes, which shall be signed by the Chairman and the Secretary or by their replacements.

The minutes shall be approved by the Board at the end of the meeting or at the next session.

Where Board meetings are held via telephone multiconference, videoconference or any other analogous system, the Board Secretary must record this in the minutes of the meetings held this way, indicating also the names of the directors who attend in person or granted proxy to another director, and those who attended via telephone multiconference, videoconference or any other analogous system.

Certifications of the minutes containing the resolutions of the Board shall be issued by the Secretary or by the Assistant Secretary, even if they are not board members, and approved by the Chairman or by the Vice-President.

#### **Article 37. Remuneration.**

The post of board member is remunerated. The remuneration shall consist of a share of the liquid profits which shall not be less than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. on the Group's consolidated annual accounts. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The Board shall distribute among its members the remuneration resolved at the General Meeting of Shareholders, considering the functions and responsibilities of each one in the Board or its Delegate Committees.

#### **Article 38. The Audit and Control Committee.**

The Company will have an Audit and Control Committee composed of four board members, appointed by the Board of Directors for a period not to exceed that of their terms on the board, notwithstanding the possibility of being re-elected indefinitely, inasmuch as they are also re-elected to the board. A majority of the Committee members shall be non-executive directors.

The Committee will choose a Chairman and may also elect a Vice President from among its non-executive members. Their terms of office may not exceed four years or their terms of office as Committee members, although they may be re-elected once year after stepping down.

The Secretary and Assistant Secretary, if any, shall be chosen by the Committee and need not be board members.

The Committee members may be assisted at their meetings by persons of their choice acting as their advisers, up to two advisers per member. These advisers will attend the meetings with voice but without vote."

**4. Amendment to the "Rules of the General Meeting of Fomento de Construcciones y Contratas, S.A.": articles 4 (Announcement of the General Meeting of Shareholders), 5 (Meeting Announcement), 7 (Right to information prior to the General Meeting of Shareholders), 9 (Attendance Rights and Responsibilities), 11 (Constitution of the General Meeting of Shareholders) and 12 (Requests to participate). (Item 5 of the Agenda).**

It is proposed: "To approve the wording of articles 4 (Announcement of the General Meeting of Shareholders), 5 (Meeting Announcement), 7 (Right to information prior to the General Meeting of Shareholders), 9 (Attendance Rights and Responsibilities), 11 (Constitution of the General Meeting of Shareholders) and 12 (Requests to participate) of the Rules of the General Meeting of Shareholders of Fomento de Construcciones y Contratas, S.A. to read as shown below, the text of which has been at shareholders' disposal since the publication of the meeting announcement:

**Article 4. Announcement of the General Meeting of Shareholders**

1. Notwithstanding the provisions of the Spanish Corporations Act on the General Meeting and the announcement procedures, it is up to the Board of Directors to announce the General Meeting of Shareholders:

a) Well enough in advance to permit it to be held during the first six months of the year, in the case of ordinary general meetings.

b) Whenever the Board of Directors considers it to be in the company's best interest, in the case of extraordinary general meetings.

c) When requested in a notarised instrument by shareholders possessing at least five percent of the share capital, expressing in the request the issues to be addressed at the meeting. In this case, the General Meeting shall be held within thirty days of the date of the notarised request sent to the Directors and the meeting agenda must necessarily contain the items indicated in the request.

d) In all cases foreseen in the law and in the articles of association.

2. If the Ordinary General Meeting of Shareholders is not convened by the legal deadline or if an Extraordinary General Meeting of Shareholders is not convened despite the request of shareholders possessing five percent (5%) of the share capital, then the ordinary General Meeting of Shareholders may be convened at the request of any shareholder and the Extraordinary General Meeting of Shareholders may be convened by the judge presiding over the court of first instance.

The Ordinary General Meeting of Shareholders shall be valid even if it is convened or held outside the required period.

**Article 5. Meeting Announcement**

1. The General meeting shall be convened by placing an announcement in the Official Gazette of the Business Register and in one of the daily newspapers with the greatest circulation in the province and on the Company's website at least one month in advance of the meeting date.

The Board of Directors will evaluate the need to place the meeting announcement in other media sources.

The announcement will be sent to the National Securities Market Commission the day it is published.

2. The meeting announcement will contain:

a) The name of the Company, the place, date and time of the meeting on first call and on second call. There must be at least twenty-four hours between the date of the meeting on first and second call.

b) The meeting agenda which will contain a clear and precise list of the issues to be addressed at the meeting.

c) The requirements for attending the general meeting and for accrediting one's attendance rights.

d) The right of shareholders to be represented at the meeting by a proxy, who may or may not be a shareholder, and the requirements and procedures for exercising this right.

e) Shareholders' information rights and the exercise of such rights.

3. When each General Meeting of Shareholders is announced, the Board of Directors will evaluate whether there are distance communication methods available that permit the shareholders to vote and/or delegate their votes remotely, duly guaranteeing the identity of the shareholder exercising the right to vote or, in the case of a proxy, the identity of the principal and agent and whether the use of such methods is feasible. If the Board of Directors determines that such methods are available and can be used, it shall mention this in the announcement, specifying the communication methods that shareholders may use to exercise their representation rights, exercise or delegate their vote and attendance. It shall also contain the deadlines, forms and ways in which shareholders can attend the Meeting by electronic or telematic means

4. The agenda contained in the announcement shall be determined by the Board of Directors, without prejudice to the rights of shareholders who own at least 5% of capital to request that a supplement be added to the meeting announcement, adding one or more items to the agenda. The shareholders who wish to exercise that right must send that supplement via certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement must be published at least fifteen days prior to the scheduled meeting date.

#### **Article 7. Right to Information prior to the General Meeting of Shareholders**

1. Shareholders may request, up to seven calendar days before the first scheduled meeting date, any information or explanations they require or any questions they consider pertinent regarding the items contained on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting.

2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.

3. The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting.

4. The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

5. The Board of Directors may empower any of its members, its Secretary and Assistant Secretary to answer shareholders' requests for information through the "Stock Market and Shareholder Relations Department".

#### **Article 9. Attendance Rights and Responsibilities**

1. Shareholders possessing one or more shares shall be entitled to attend the General Meetings, provided that the ownership of the shares is registered in the ledger of account entries at least five days in advance of the Meeting date.

2. The members of the Board of Directors are obliged to attend the General Meeting of Shareholders. Directors, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings upon request. The Chairman of the General Meeting may authorise other people to attend as deemed appropriate, notwithstanding the General Meeting's right to revoke such authorisation.

#### **Article 11. Constitution of the General Meeting of Shareholders**

1. Up to two hours before the starting time of the meeting, on the date and at the time and place indicated in the announcement of the General Meeting of Shareholders, Shareholders or their duly assigned proxies may present to the personnel in charge of registering attendees the documents accrediting their right to attend the meeting and to represent their principals. Meeting attendance rights will be accredited by showing the certificate issued by the entities in charge of registering the Company's shares containing the entry which shows the name of the shareholder possessing at least one share at least five days in advance of the meeting date.

The shareholders who wish to cast their votes electronically, in those cases where this possibility is foreseen in the meeting announcement, will accredit their identity and shareholder status in the manner determined by the Board of Directors in the announcement.

2. The shareholders or their proxies who arrive at the meeting once the session has been called to order and deliberations are underway will not be included on the list of attendees.

3. The list of attendees will be included at the beginning of minutes or appended thereto in a document signed by the Secretary with the Chairman's approval.

Shareholders who vote electronically, as provided for in the meeting announcement, shall be considered present for the purposes of constituting the General Meeting of Shareholders.

4. Once there is a quorum, the Meeting will be called to order at the pre-established place, date and time, either on first or second call.

5. The Chairman or Secretary will read the announcement or consider it reproduced if none of the shareholders opposes and report the global results of the attendance list, indicating the number of shareholders in attendance and represented at the meeting with voting rights, the number of shares possessed by each one and the percentage of share capital they represent.

6. Once this information is publicly announced by the Chairman or the Secretary, the Chairman will then state whether or not the requirements for holding the General Meeting of

Shareholders have been met. The notary public, if there is one, will ask the assembly if there are any objections to the Chairman's statements regarding the numbers of shareholders in attendance and the share capital they represent. Any questions or claims submitted to the notary or to the Secretary if there is no notary will be reflected in the minutes and resolved by the Chairman.

7. Following this, the Chairman will call the meeting to order if all of the conditions are met.

8. Both ordinary and extraordinary General Meeting of Shareholders will be validly constituted:

- Generally speaking, on first call when the shareholders present or represented possess at least fifty percent of the subscribed capital with voting rights. On second call, it will be validly constituted when the shareholders present or represented possess at least forty-five percent of the subscribed share capital with voting rights.

- In order for the General Meeting of Shareholders to validly pass resolutions on debenture issues, capital increases or decreases or the transformation, merger or division of the Company and, in general, any modification of the Articles of Incorporation, it shall be necessary for shareholders accounting for at least fifty percent (50%) of the subscribed capital with voting rights to be present or represented on the original meeting date, while on the alternate date it shall suffice to have shareholders accounting for at least forty-five percent (45%) of the subscribed capital with voting rights to be present or represented

- When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed capital with voting rights, the resolutions referred to in the previous paragraph may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

9. If for any reason it were necessary to hold the meeting in separate rooms, audio-visual equipment will be set up to permit the interactivity and intercommunication of the rooms in real time and therefore the unity of the meeting.

## **Article 12. Requests to participate**

1. Once the General Meeting of Shareholders has been called to order, the shareholders who wish to exercise their right to participate in the meeting deliberations shall identify themselves to the Secretary or the notary public, if there is one (or their assistants), exhibiting their national ID cards or equivalent identifying documents in the case of non-Spaniards, and their attendance cards showing the number of shares they possess and the percent of share capital they represent. Both documents will be returned to them after their participation. If they wish to have the transcript of their comments included in the meeting minutes, they must provide the notary or the Secretary with a written copy of the text in order to compare the written text with the shareholder's words.

2. The directors may establish in the announcement that the legitimate speeches and proposals to be made by parties planning to attend by telematic means, if this possibility is envisaged in the meeting announcement, may be sent to the company before the meeting is convened. That announcement must contain the deadlines, forms and ways envisaged by the directors for the shareholders to exercise their rights in order to ensure orderly transaction of business.

3. Once the Committee has the list of shareholders who wish to participate and before voting on the items included on the agenda, the shareholders will be allowed to speak."

## **5. Appointment and reappointment of directors (Item 6 of the Agenda)**

### **Six A: To establish the number of members of the Board of Directors at nineteen.**

It is proposed: "To establish at nineteen (19) the number of members of the Board of Directors, within the limits set out in article 27 of the Articles of Incorporation."

In order to fill the three existing vacancies, one of which arises due to expiration on this date of the term of the director Dominum Desga, S.A., appointed at the meeting on 20 June 2001, to re-appoint or appoint, as the case may be, the persons detailed in the following proposals:

**Six B: Appointment of Dominum Desga, S.A.**

"To re-appoint **Dominum Desga, S.A.** as a member of the Board of Directors, based on a proposal by the Appointment and Remuneration Committee, effective from the date of this General Meeting and for a term of five years."

**Six C: Appointment of Miguel Blesa de la Parra**

"To appoint **Miguel Blesa de la Parra** as a member of the Board of Directors, based on a proposal by the Appointment and Remuneration Committee, effective from the date of this General Meeting and for a term of five years."

**Six D: Appointment of Max Mazin Brodovka.**

"To appoint **Max Mazin Brodovka** as a member of the Board of Directors, based on a proposal by the Appointment and Remuneration Committee, effective from the date of this General Meeting and for a term of five years."

**6. Authorisation to acquire own shares and authorisation to subsidiaries to acquire shares of Fomento de Construcciones y Contratas, S.A., in accordance with the limits and requirements of article 75 et seq. of the Public Corporations Act. (Item 7 of the Agenda)**

It is proposed: "To authorise FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and the companies in its Group which meet any of the circumstances set out in article 42.1 and 42.2 of the Commerce Code, to acquire own shares on the market, by purchase in any of the Stock Exchanges on which they are listed, at the stock market price on the day of acquisition, which must be between the following minimum and maximum values:

- At most 10% more than the highest market price in the three months prior to the acquisition.
- The minimum value will be 10% less than the lowest market price in the three months prior to the time of the acquisition.

By virtue of this authorisation, the Board of Directors, the Executive Committee and the Chief Executive Officer, without distinction, may acquire own shares provided that, at the time of acquisition, and including the acquired shares, the own shares do not exceed 5% of capital stock in the terms contained in article 75.2 of the Consolidated text of the Public Corporations Act.

This authorisation will run for 18 months from this date.

The acquisition of shares, which must be fully paid, must enable the company to appropriate the reserve required in article 79.3 of the Public Corporations Act without reducing capital, the legal reserve or other reserves that the Articles of Incorporation designate as restricted.

The authorisation to acquire own shares granted to the Board by resolution of the General Meeting of the Company on 21 June 20005 is hereby revoked."

**7. Reappointment of auditors for the company and its consolidated group. (Item 8 of the Agenda)**

It is proposed: "To re-appoint, following a favourable report by the Audit and Control Committee, as auditors of the Company and its Consolidated Group for 2006, the firm DELOITTE, S.L., domiciled in Madrid at Plaza Pablo Ruiz Picasso no. 1, registered with the Madrid Mercantile Register in tome 13.650, folio 188, section 8, sheet M-54414, registered with the Register of Auditors (ROAC) with number S-0692, and with tax identification number B79104469."

**8. Give broad powers to the directors to implement, notarise, register, rectify and execute the adopted resolutions. (Item 9 of the Agenda)**

It is proposed: "To empower all the members of the Company's Board of Directors, in the broadest terms, so that any of them, without distinction, may notarise the resolutions adopted by the General Meeting, with the powers to remedy, rectify and interpret their wording on the basis of the verbal or written comments by the Mercantile Register and for the sole purpose of registration therein. That authorisation also extends to granting any type of public or private document that may be required to enforce, implement and formalise all the resolutions adopted by the Meeting, without limitation."

**9. Approval, where applicable, of the Meeting's minutes in any of the ways established in article 113 of the consolidated text of the Public Corporations Act, or application of the provisions of article 114 of said Act. (Item 10 of the Agenda)**

Although it is proposed to approve the minutes of the Meeting in any of the ways established in article 113 of the Public Corporations Act, shareholders are informed that the Board of Directors intends to engage a notary to attend and minute the Meeting.