

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

**FULL TEXT OF THE PROPOSALS MADE BY THE BOARD OF DIRECTORS TO THE ORDINARY
GENERAL MEETING OF SHAREHOLDERS ON 31 MAY 2012.**

1. Examination and approval of the financial statements and directors' reports of Fomento de Construcciones y Contratas, S.A. and its consolidated group for 2011, as well as the Board of Directors' conduct of business.

It is proposed: "To approve the financial statements and the directors' report of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and its consolidated group for 2011. 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' conduct of the company's business in 2011."

2. Examination and approval of the proposed distribution of 2011 income.

It is proposed: "To approve the following proposal by the Board of Directors as to the application of the 2011 income of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which amounts to a profit of 235,824,256.05 euro:

- At a meeting on 15 December 2011, the Board of Directors declared an interim dividend out of 2011 income amounting to 0.650 euro gross per share with dividend rights at the time of payment. There were 124,018,000 such shares; consequently, the total interim dividend distributed amounted to 80,611,705.85 euro.
- It is proposed now to pay a supplementary dividend of 0.650 euro per share with dividend rights at the time of payment.

The legally required amount of personal income tax or corporate income tax, as appropriate, will be withheld from that amount.

- 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 13 July 2012 through the following banks: Banco Bilbao Vizcaya Argentaria (BBVA), Banco Santander (BS) and Bankia.

Additionally, in accordance with article 37 of the Articles of Incorporation, and following a favourable report by the Appointment and Remuneration Committee, it is proposed to approve the

remuneration for the Company's Board of Directors for 2011, which amounts to 1,974,356 euro, equivalent to 1.82% of consolidated income attributable to Fomento de Construcciones y Contratas, S.A."

3. Re-appointment of auditors for the Company and its consolidated group.

It is proposed: "To re-appoint, as auditor of the Company and of its consolidated group for 2013, following a favourable report from the Audit and Control Committee, DELOITTE, S.L., with registered office in Madrid, Plaza Pablo Ruiz Picasso 1, registered in the Madrid Mercantile Register, volume 13,650, sheet 188, section 8, page M-54414, and registered in ROAC under no. S-0692 and with company tax number B79104469."

4. Appointment of directors.

4.1. Re-appointment of B 1998, S.L. as a proprietary director.

It is proposed: To re-appoint B 1998, S.L. as a member of the Board of Directors, based on a favourable report by the Appointment and Remuneration Committee, effective from the date of this General Meeting and for a term of five years, with the status of proprietary director.

4.2. Appointment of MR CÉSAR ORTEGA GÓMEZ as independent director.

It is proposed: To appoint MR CÉSAR ORTEGA GÓMEZ as an independent member of the Board of Directors, at the proposal of the Appointment and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

5. Amendment to the Articles of Incorporation.

5.1. Amendment to the Articles of Incorporation to adapt their content to the recent changes in the legislation governing companies: Article 4 (Domicile, branches and corporate website), Article 6 (Shares), Article 12 (The General Shareholders Meeting), Article 14 (Meeting Announcements), Article 18 (Legitimization for attending General Meetings), Article 19 (Representation), Article 23 (Right to Information), Article 24 (Deliberations. Resolutions. Minutes), Article 29 (Requirements and Term), Article 30 (Announcement. Meetings), Article 31 (Constitution), Article 44 (Deposit of Annual Accounts) and Article 46 (Liquidation).

It is proposed: "Based on the report by the Directors, which has been available to shareholders

since the announcement of the General Meeting of Shareholders, to amend articles 4, 6, 12, 14, 18, 19, 23, 24, 29, 30, 31, 44 and 46 of the Articles of Incorporation as set out in the Appendix to these proposals."

5.2. Amendment to the Articles of Incorporation to make technical corrections or coordinate their content with the rest of the company's texts: Article 16 (Authority and Obligation to Call General Meetings), Article 17 (Formation of the General Meeting), Article 25 (Powers of the General Meeting), Article 39 (Audit and Control Committee and Appointment and Remuneration Committee) and Article 40 (The Advisory Board).

It is proposed: "Based on the report by the Directors, which has been available to shareholders since the announcement of the General Meeting of Shareholders, it is proposed to amend articles 16, 17, 25, 39 and 40 of the Articles of Incorporation as set out in the Appendix to these proposals."

5.3. Amendment to article 2 ("Corporate purpose") of the Articles of Incorporation.

It is proposed: "Based on the report by the Directors, which has been available to shareholders since the announcement of the General Meeting of Shareholders, it is proposed to amend article 2 of the Articles of Incorporation as set out in the Appendix to these proposals."

5.4. Amendment to article 37 ("Remuneration") of the Articles of Incorporation.

It is proposed: "Based on the report by the Directors, which has been available to shareholders since the announcement of the General Meeting of Shareholders, it is proposed to amend article 37 of the Articles of Incorporation as set out in the Appendix to these proposals."

6. Amendment of the Rules of the General Meeting of Shareholders to update their content in line with recent changes to legislation regarding companies: articles 1, 3, 4, 5, 6, 7, 8, 9, 11, 15, new 15 bis, 16 and 19.

It is proposed: "Based on the report by the Directors, which has been available to shareholders since the announcement of the General Meeting of Shareholders, it is proposed to amend articles 1, 3, 4, 5, 6, 7, 8, 9, 11, 15, new 15 bis, 16 and 19 of the Rules of the General Meeting of Shareholders as set out in the Appendix to this proposal."

7. Approval of the Company's corporate website for the purposes of articles 11 bis, 11 ter and 11 quater of the Capital Companies Act.

Act 25/2011, of 1 August, partly reforming the Capital Companies Act and incorporating into Spanish law Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies and Royal Decree-Act 9/2012, of 16 March, on simplification of the reporting and documentation obligations in mergers and demergers of capital companies, introduced new articles 11 bis, 11 ter and 11 quater into the Capital Companies Act to regulate capital companies' corporate websites.

The Act requires that the creation of the corporate website be decided by the General Meeting of Shareholders and that this decision be registered with the Mercantile Register.

Although FCC already had a corporate website before that amendment to the Act, as a special disclosure instrument for fulfilling its obligations as a listed company, and that website was already registered with the Mercantile Register, the Board of Directors considers it advisable to propose that the General Meeting of Shareholders ratify the corporate website in order to fulfil both the spirit and the objective of the new articles 11 bis, 11 ter and 11 quater of the Capital Companies Act.

To that end, it is proposed: "Approve, as the corporate website of Fomento de Construcciones y Contratas, S.A. for the purposes of articles 11 bis, 11 ter and 11 quater of the Capital Companies Act, the following: www.fcc.es

8. Decision on the period of notice for extraordinary general meetings in the terms of article 515 of the Capital Companies Act.

Act 25/2011 of 1 August, partly amending the Capital Companies Act, introduced a new Article 515 into the latter Act which allows the period of notice of extraordinary general meetings to be reduced to a minimum of fifteen days, provided that the Company allows all shareholders to vote electronically and the reduction is approved by the General Meeting of Shareholders with the favourable vote of two-thirds of the capital. The Act provides that the reduction in advance notice is valid only until the next ordinary general meeting of shareholders.

Accordingly, it is proposed: "To approve, in accordance with the provisions of article 515 of the Capital Companies Act, that extraordinary general meetings of shareholders may be called with a minimum advance notice of fifteen days. This decision shall be valid until the next Ordinary General Meeting of Shareholders is held."

9. Extension of the period granted to the Board of Directors by the General Meeting of Shareholders on 10 June 2009 to execute the resolution to reduce capital through amortisation of own shares that was adopted by that General Meeting.

It is proposed: "To extend, for one year from the date of this decision, the power granted to the Board of Directors by the Ordinary General Meeting of Shareholders on 10 June 2009, under item 7.2 of the Agenda, to execute the resolution to reduce capital by 3,182,582 euro through

amortisation of 3,182,582 own shares that was adopted by that General Meeting. That deadline was already extended by one year at the Ordinary General Meetings of Shareholders on 27 May 2010 and on 1 June 2011.

The Board of Directors must inform the next General Meeting of any use which it makes of the power hereby extended."

10. Advisory vote on the annual report on director remuneration policy referred to in article 61 ter of the Securities Market Act.

In accordance with the provisions of Article 61 ter of the Securities Market Act and Article 37 of the Articles of Incorporation, the Board must draw up an annual report on the director remuneration policy for the current year and on the application of the policy in force during the preceding year. On 12 April 2012, the Company's Board of Directors, based on a proposal by the Appointments and Remuneration Committee, approved the Annual Report on the Director Remuneration Policy, which was made available to shareholders on the Company's website from the time of publication of the notice of the General Meeting.

Accordingly, it is proposed: "To approve, on an advisory basis, the aforementioned Annual Report on the Director Remuneration Policy of FCC".

11. Broad empowerment of the directors to implement, notarise, register, rectify and execute the adopted resolutions.

It is proposed: "To empower all the members of the Company's Board of Directors, including its Secretary and Vice-Secretary, 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."

12. Approval, as applicable, of the Meeting's minutes in any of the ways established in article 202 of the Capital Companies Act, or by application of the provisions of article 203 of that Act, as appropriate.

Although it is proposed to approve the minutes of the Meeting in any of the ways established in article 202 of the Capital Companies Act, shareholders are informed that the Board of Directors intends to engage a notary to attend and minute the Meeting.

ANNEX

REGARDING THE PROPOSALS SUBMITTED TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF FCC SCHEDULED FOR 31 MAY 2012

I.- Amendments to the Articles of Incorporation (Item 5 of the Agenda)

Based on the report by the directors, which has been available to shareholders since the announcement of the General Meeting, it is proposed to amend the Articles of Incorporation as follows:

5.1. Amendment to the Articles of Incorporation to adapt their content to the recent changes in the legislation governing companies: Article 4 (Domicile, branches and corporate website), Article 6 (Shares), Article 12 (The General Shareholders Meeting), Article 14 (Meeting Announcements), Article 18 (Legitimization for attending General Meetings), Article 19 (Representation), Article 23 (Right to Information), Article 24 (Deliberations. Resolutions. Minutes), Article 29 (Requirements and Term), Article 30 (Announcement. Meetings), Article 31 (Constitution), Article 44 (Deposit of Annual Accounts) and Article 46 (Liquidation).

“Article 4. Domicile, branches and corporate website

The Company has its domicile in the city of Barcelona, at calle Balmes, 36. The Board of Directors is authorised to set up, close and move branch offices, regional offices, agencies, establishments, factories, or representative offices in any town in Spain or abroad, and also to change the Company's registered offices within the same city, and to amend this article to reflect the Company's new domicile as a result of such a change.

The Company shall have a corporate website ("www.fcc.es") in the terms established in the Capital Companies Act.

That corporate website will be used to fulfil the shareholders' right to information, and to publish the documents and information required by law, these Articles of Incorporation and other internal regulations of the Company, and any information that it is considered appropriate to make available to shareholders and investors by this channel.

The Board of Directors shall be competent to decide to amend, eliminate or move the Company's website.

Article 6. Shares

The shares are represented by account entries, and the accounting records are kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima ("Iberclear") and its member(s) that is(are) entrusted by law with that function; they shall be governed by the provisions of the regulations governing the stock exchange. Each share entitles the owner to one vote.

The Company may apply at any time to the entity in charge of the accounting registry for the necessary details to identify the shareholders, and it shall recognise as such those persons who are shareholders of record in the accounts of the entity in charge of the registry.

By means of a decision of the Board of Directors, the Company may create its own Register of Shareholders for the purposes of communicating with the latter.

Article 12. The General Shareholders Meeting

The shareholders, duly convened in a General Shareholders Meeting, shall decide by majority vote the matters falling under their competence. All shareholders, including dissidents and those who have not taken part at the meeting, shall be bound by the resolutions passed by the General Meeting, without prejudice of rights to separate and to challenge provided for under the Law.

The General Shareholders Meeting shall approve a set of regulations governing all of the matters falling under its competence as provided for under the Law and in these Articles.

The Company shall at all times guarantee equal treatment of all shareholders that are in the same position, particularly with regard to information, participation and voting in the General Meeting of Shareholders.

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 or in one of the newspapers with the largest circulation in Spain, on the company's website and on the website of the National Securities Market Commission, at least one month in advance of the meeting date. Nevertheless, an Extraordinary General Meeting of Shareholders may be announced with no less than fifteen days' advance notice subject to the requirements established by law and in the Rules of the General Meeting of Shareholders.

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. If a properly notified General Meeting of Shareholders, of any type, cannot be held at first call and no alternate meeting date was envisaged in the notice of meeting, notice must be given of the second call, with the same Agenda and the same publicity requirements as the first call, to be held within the fifteen (15) days following the date of the Meeting that was not held, giving notice at least ten (10) days in advance of the scheduled date.

The announcement shall indicate the name of the company, the place, date and time of the General Meeting, the Agenda, listing all the issues to be addressed, the position of the person(s) announcing the meeting and 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, as well as the other disclosures and information required by law in the case of listed companies, those required by the Rules of the General Meeting of Shareholders and any other information or documentation that the Board of Directors considers advisable in the shareholders' interests.

Shareholders who own at least 5% of capital may request that a supplement to the announcement of the Ordinary General Meeting of Shareholders be published such as to add one or more items to the agenda, provided that the new items are accompanied by a justification or a reasoned motion, as the case may be. The shareholders who wish to exercise that right, which shall not apply in an event to Extraordinary General Meetings, must send that supplement by certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement to the notice of meeting must be published at least 15 days prior to the date specified for the meeting. If the supplement to the notice is not published by the legal deadline, the Meeting shall be null and void.

Shareholders representing at least five (5) per cent of capital may, within five (5) days from the date of notice of the Meeting, present reasoned proposals for motions on the items on the agenda or which must be added to the Agenda of the Meeting of which notice has been given. As such proposals and any accompanying documentation are received, the Company must ensure that they are duly distributed among the other shareholders by publishing them without interruption on its website.

Article 18. Legitimization for attending General Meetings.

Shareholders possessing one or more shares, including those without voting rights, will 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 by exhibiting, at the Company's registered offices or any other location indicated by the Company, the pertinent certificate or attendance card issued by the Company, or in any other form permitted by law.

Directors, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings when asked to do so. Company directors shall be obliged to attend but their presence is not a requirement for the Meeting to be declared quorate. For any matter not specifically addressed in this article with regard to the right to attend General meetings, the provisions of the Capital Companies Act shall apply.

Shareholders may attend and vote at the General Meeting and appoint representatives by means of distance communication, in accordance with these Articles of Incorporation and the Rules of the General Meeting of Shareholders.

From the time of announcement of each General Meeting and until the Meeting is held, the Company will publish on its corporate website the information relating to the distance communication methods, including electronic means, that shareholders may use to exercise their representation rights, exercise or delegate their vote and attend. It shall also contain the deadlines, forms and ways in which shareholders can attend the Meeting by electronic or telematic means, where this possibility is allowed.

Article 19. Representation

Any shareholder entitled to attend the General Meeting may be represented by another person, who need not be a shareholder. The representation shall be conferred according to the terms and within the scope established in the Capital Companies Act, in writing, and specifically for each General Meeting, except when the representative is a spouse, ascendant or descendant of the shareholder or holds a general power of attorney granted in a public instrument with powers to administer all of the shareholder's assets in Spain.

Shareholders may also appoint representatives for each General Meeting using the remote communication media which, duly guaranteeing the identity of both the representative and the represented shareholder and, as appropriate, the security of the electronic communications, are determined by the Board of Directors as provided for in the Company's General Meeting Regulations.

The Chairman or the Secretary of the General Meeting, or the persons designated by them, shall have the

authority to determine the validity of the representations granted and the fulfilment of the requirements to attend the General Meeting.

All representations shall always be revocable. Personal attendance at the meeting by the shareholder will be considered a revocation.

Article 23. Right to Information

Shareholders may request from the Directors, either in writing or using other electronic or distance communication media, up to seven calendar days before the date it is scheduled to hold the General Meeting in first call, any information or clarifications they consider necessary, or formulate any questions they deem pertinent, regarding the matters contained in the agenda or about the information available to the public provided by the Company to the National Securities Market Commission since the last General Meeting was held, **and about the auditors' report**. The information or clarifications so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or clarifications requested verbally from the Chairman by the shareholders regarding the **matters set out in the preceding paragraph** during the General Meeting itself, prior to examining and discussing the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or clarifications refer to items falling under the competence of the Auditing Committee, they shall be provided by any one of the members or advisors to this Committee attending the meeting. If, in the Chairman's opinion, it is not possible to provide the shareholder with the requested information or clarification during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days from the date the General Meeting ended.

The Directors are obliged to provide the information referred to in the two preceding paragraphs unless, in the Chairman's opinion, the publication of the requested information could be harmful to the Company's interest.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

Without prejudice to what is provided above, the directors shall not be obliged to respond to specific questions from shareholders where the information sought is already clearly and directly available to all shareholders on the Company's website in the form of questions and answers.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

Article 24. Deliberations. Resolutions. Minutes

The Chairman will lead the Meeting and the deliberations, and shall grant the floor to all those shareholders who have requested this in writing and later to those who request this orally, until he considers that the matter has been sufficiently debated.

Each of the **matters** on the agenda **that are substantially independent and, in particular, any proposals to appoint members of the Board of Directors, and in the event of amendments to the Articles of Incorporation, each article or group of articles that is substantially independent**, shall be voted on separately. Shareholders entitled to vote may cast their votes by post, electronically or using any other distance communication means determined by the Board of Directors in each case for each General Meeting which duly guarantees the identity of the voting shareholder **and the security of the electronic communications, as appropriate**, as provided for in the Rules of the General Meeting.

Resolutions will be passed by simple majority vote of the shares present or represented at the meeting, except in those cases where the law **or these Articles** require a qualified majority. Each share shall be entitled to one vote.

For each motion, the number of shares in respect of which valid votes were cast, the proportion of capital represented by those votes, the total number of valid votes, the number of votes in favour and against the motion, and any abstentions, will be determined.

The resolutions of the General Meeting, along with a summary of the items debated and the shareholders who have requested a record of their statements, shall be set down in the meeting minutes which shall comply with the legal requirements and shall be signed by the Secretary and countersigned by the Chairman, or their substitutes. The Minutes may be approved by the General Meeting at the end of the session or within fifteen (15) days by the Chairman of the General Meeting and two (2) shareholders, one on behalf of the majority and the other on behalf of the minority.

The Minutes, approved in either of the ways mentioned above, shall have executive force as from the date of approval. Notarial minutes shall not need to be approved.

Documents certifying the minutes and the resolutions of the General Meetings will be issued by the Secretary or the Vice-Secretary of the Board of Directors and countersigned by the Chairman or Vice-Chairman of the Board.

The motions that were passed and the outcome of the voting shall be published in full on the Company's website within five (5) days from the conclusion of the General Meeting of Shareholders.

Article 29. Requirements and Term

In order to be a board member it will not be necessary to be a shareholder. Both individuals and legal entities may be directors but, in the case of the latter, the legal entity will designate a **single** individual as its permanent



representative for the purpose of discharging the duties inherent to the office. *Removal of a legal entity's individual representative shall not take effect until another person is appointed in their place.*

Those affected by any of the circumstances of incapacity or incompatibility are prohibited from being board members, particularly those set forth in Acts 5/2006, of 10 April, and 53/1984, of 26 December, and any others which may be enacted in the future.

Board members will hold office for five (5) years, but may be re-elected indefinitely, one or more times, for terms of equal length.

Article 30. Announcement. Meetings

The Board shall convene whenever *its Chairman or his substitute decides, or whenever the Executive Committee or at least one-third of the members of the Board of Directors request a meeting. In the latter case, if the Chairman fails to convene a meeting with one month without just cause, the Board may be convened by the directors who requested the meeting, to be held in the city of the Company's domicile.*

In general, and without prejudice to the provisions of the preceding paragraph, the Secretary shall announce the meetings, on behalf of the Chairman, by letter, telegram, fax or e-mail addressed to each board member at least four (4) days in advance of the meeting date. In an emergency situation, at the Chairman's discretion, the minimum advance 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 call.

Board meetings may be held via telephone multi-conference, 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, where the Board Secretary must be located, the announcement must state that directors can attend via telephone, multi-conference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct and simultaneous communication among attendees.

Article 31. Constitution

A majority of the board members must be present or represented at the meeting in order for it to be validly convened.

Absent board members may be represented by another board member by notifying the Chairman of the Board in writing.

Article 44. Deposit of Annual Accounts

Within one month from approval of the Annual Accounts, *the directors of the Company must submit a certificate of the resolutions of the General Shareholders Meeting approving the Annual Accounts, duly signed, and the distribution of profits/losses, for deposit, at the Mercantile Register of the corporate domicile, and a copy of each of these accounts shall be attached along with the Directors' Report and the Auditors' Report, when the Company is obligated to have its annual accounts audited or if they were audited at the request of the minority shareholders. If the Annual Accounts are presented in abbreviated form, this shall be so stated in the certificate, along with the reason.*

Article 46. Liquidation

Unless otherwise resolved by the General Shareholders Meeting, during the period of liquidation, Directors shall assume the function of liquidators with the faculties set out in the Law and they shall perform the liquidation and division of the corporate assets pursuant with the resolutions of the General Meeting and current legal ruling."

5.2. Amendment to the Articles of Incorporation to make technical corrections or coordinate their content with the rest of the company's texts: Article 16 (Authority and Obligation to Call General Meetings), Article 17 (Formation of the General Meeting), Article 25 (Powers of the General Meeting), Article 39 (Audit and Control Committee and Appointment and Remuneration Committee) and Article 40 (The Advisory Board).

"Article 16. Authority and Obligation to Call General Meetings

The Directors may convene an extraordinary General Meeting as necessary in the best interests of the Company. They shall also convene an extraordinary General Meeting if so requested by shareholders representing five percent (5%) of the share capital, who must indicate in their request the issues to be addressed at the meeting.

*In this case, the Directors must give notice of the General Meeting **to be held within two months from the receipt by the Directors of the notarised request**, and must necessarily include in the agenda of the meeting the issues referred to in the request.*

If the General Meeting is not called within the period established by law or in the Articles of Incorporation, it may

be called, at the petition of any shareholder, by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.

If the directors fail to call a General Meeting at the request of a minority, it may be called by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.

Article 17. Formation of the General Meeting

The ordinary and extraordinary General Meeting will be validly convened, in the first call, when the shareholders present or represented account for at least fifty percent (50%) of the subscribed capital with voting rights; the meeting shall be validly convened in the second call when the shareholders present or represented account for at least forty-five (45%) of the subscribed capital with voting rights.

Additionally, the percentages referred to in the preceding paragraph shall apply in order for the ordinary or extraordinary General Meeting of Shareholders to validly resolve resolutions on debenture issues, capital increases or decreases, the transformation, merger or spin-off of the Company, global assignment of assets and liabilities, suspend or limit pre-emptive rights of new shares, the transfer of the corporate address abroad, and, in general, any modification of the Articles of Incorporation.

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

Article 25. Powers of the General Meeting

The powers of the General Meeting of Shareholders are all of those attributed to it by the Capital Companies Act and these Articles of Incorporation.

In particular, the Ordinary General Meeting of Shareholders is the sole body competent to approve, where applicable, the management of the company and the annual accounts for the preceding financial year and to decide how to apply the income for the year.

Any other matter falling under the competence of the General Meeting, either by law or in these Articles of Incorporation, may be addressed in an ordinary or extraordinary session upon completion of all applicable requirements of the law or these Articles.

Article 39. Audit and Control Committee and Appointment and Remuneration Committee

1. The basic function of the Audit and Control Committee and Appointments and Remuneration Committee will be to support the Board of Directors in its duties of supervision and control of the ordinary management of the Company; their competences will, therefore, include powers of information, advising and proposing. Their members will be designated by the Board of Directors, to which they will be accountable with regard to the performance of their functions.

2. Audit and Control Committee:

The Audit and Control Committee will be composed of a minimum of three (3) 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, provided that they are also re-elected to the board. All of the Committee members will be external directors. At least one of the members of the Audit and Control Committee shall be an Independent Director appointed on the basis of his/her knowledge and experience in accounting, auditing, or both.

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

The Secretary and Vice-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 and may speak but not vote.

The basic function of the Audit Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the financial information, the internal controls and the independence of the external auditors.

Its basic functions will include the following:

- a) Informing the General Meeting on the questions raised by shareholders which fall within its scope of authority.
- b) Monitoring the effectiveness of the Company's internal control, internal audit services and risk management systems, and discussing with the company's auditors any significant weaknesses in the internal control system detected during the audit.
- c) Supervising the process of drawing up and presenting the regulated financial information.
- d) Making proposals to the Board of Directors, for submission to the General Meeting, on the appointment of external auditors of the Company.
- e) Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.
- f) Receiving each year, from the external auditors, written confirmation of their independence with respect

to the company and to entities directly or indirectly related to the company, as well as information on any additional services provided to those entities by the auditors or by persons or entities related to the auditors, as provided for in the Audit Act.

- g) Issuing an annual statement on the independence of the auditors or audit firms each year prior to the issuance of the auditors' report. This report will address the provision of additional services referred to in the preceding section.
- h) Any other functions which are attributed by these Articles of Incorporation or by the Rules of the Board of Directors.

The Committee will convene as often as the Chairman sees fit for the execution of its duties and at least once per quarter.

The Committee will be quorate only when those in attendance or represented account for a **majority** of its members, and resolutions will be passed by absolute majority vote of the members present or represented. In the event of a tie, the Chairman will have the casting vote.

Each year, the Audit and Control Committee will draft an action plan for the coming year which it will submit to the Board of Directors.

Throughout the Rules of the Board of Directors the rules relating to the Audit and Control Committee shall be developed, which shall always ensure the independence of its functioning.

- 3. The Appointments and Remuneration Committee will be composed of a minimum of three (3) board members, appointed by the Board of Directors. The majority of its members will be external directors and the Chairman will be appointed from among the latter. The term of its members must not exceed their terms as directors, notwithstanding the possibility of being re-elected indefinitely, provided that they are also re-elected to the board.

The main functions of the Appointments and Remuneration Committee will be to support and aid the Board of Directors mainly with regard to proposals for the appointment, re-appointment, ratification and removal of directors, the establishment and control of the remuneration policy for directors and senior executives of the Company, and monitoring of the performance of the directors' duties, particularly in situations of conflicts of interest and related events.

To ensure the proper functioning of the Committee, it will convene as often as the Chairman deems necessary for complying its duties, and at least once per quarter.

The Committee will be quorate when those in attendance or represented account for a **majority** of its members, and resolutions will be passed by **absolute** majority vote of the members present or represented. In the event of a tie, the Chairman will have the casting vote.

Throughout the Rules of the Board of Directors the rules relating to the Appointments and Remuneration Committee shall be developed, taking into account any other necessary aspects regarding its composition, roles, competences and duties, and will ensure its independent functioning at all times.

Article 40. The Advisory Board

The Board of Directors may set up an Advisory Board which shall be composed of a minimum of three and a maximum of nine members.

The Board of Directors is also responsible for appointing and removing the members of the Advisory Board.

The Advisory Board is a consultative body of the Company whose mission shall be to advise the General Shareholders Meeting, the Board of Directors **and its internal Committees**, Managing Directors and company management.

The members of the Advisory Board shall be subject to the same duties of diligence, confidentiality, non-competition, conflict of interest and business opportunities as the company's directors.

The Advisory Board will elect from among its members a Chairman to chair the meetings. The meetings will be convened by the Chairman or at the request of other members. The Chairman will certify the Board's reports.

The mission of the Advisory Board shall include:

- a) Making proposals to the governing bodies it advises within the scope of their respective authorities.
- b) Informing the Company on the image it projects in the sector, in the business community and in society.
- c) Studying and reporting back on the issues submitted to it by the governing bodies it advises.
- d) Reporting on the possibility of new businesses or activities, both in Spain and abroad, and the modifications it believes would lead to improving the Company's stability, growth and profitability. "

5.3. Amendment to article 2 ("Corporate purpose") of the Articles of Incorporation.

"Article 2.- Corporate purpose

The corporate purpose of the Company is as follows:

- 1) Constructing, executing and maintaining public and private structures and operating all types of infrastructures.
- 2) Providing sanitation, cleaning, management, maintenance and repair services for public and private buildings, infrastructures, vessels, aircraft and in general all kinds of public or private installations. Providing



all kinds of services on behalf of public administrations, which may include collaborating on the tasks inherent to the collection management of government agencies, provided that it does not involve exercising authority or guarding public funds.

- 3) Designing, researching, developing, building, operating, maintaining and commercialising wastewater treatment and purification plants. Supplying, transforming and commercialising all kinds of water.
- 4) Waste management and pollution control and any advisory, research or consulting activity related thereto. Designing, researching, developing, operating, maintaining and commercialising recycling plants and installations and waste recovery, elimination and storage facilities or transfer stations for waste or contaminated soil, and purchasing and selling the by-products obtained from such treatments and all types of waste.
- 5) Establishing and operating factories of cement, lime, plaster and precasts derived from these products, as well as concrete factories and creating and operating other industries related to these products. Investigating and mining mineral deposits; acquiring, using, enjoying permits, concessions and other mining rights and interests; industrialising and commercialising the mining products derived from such rights.
- 6) Promoting and selling plots, land, residential complexes, housing developments, commercial and office space and in general any kind of real estate. Operating such properties under leases or any other arrangement not involving the transmission of ownership and providing consulting, administration and management services for third party property owners.
- 7) Studying, designing, acquiring, assigning, disposing of, promoting, advising, administering, managing, and operating shopping centres under leasing agreements or other arrangements.
- 8) Designing, building, quality assurance, buying, selling, supplying, importing, exporting, leasing, maintaining, repairing, distributing, representing and operating, including advertising, of urban furniture and components in the broadest sense of the term, and signalling elements, both in cities and towns and on intercity roadways, as well as machinery and its components, tools, vehicles, installations, materials and equipment.
- 9) Creating, designing, buying, selling, operating and assigning patents, models, trademarks, licenses and other types of industrial or intellectual property.
- 10) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating geriatric residences, *and any activity related to social services and healthcare for the elderly, persons with mental or physical disabilities, or psychiatric illnesses; management and care of same by opening day care centres, healthcare or social/healthcare centres, homes, community homes or supervised apartments and home care.*
- 11) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the food sector.
- 12) Providing technical engineering services, including projects, studies and reports, as well as pre-investment studies, quality control, internal audits and electronic data operation.
- 13) Designing, manufacturing, installing, assembling, buying, selling, supplying, importing, exporting, leasing, maintaining, distributing, representing and operating electrical, computer, electronic, and telecommunications services and designing, researching, development and commercialising products related to such services.
- 14) *The electricity and energy business in general, in all its facets and varieties, and its various industrial and commercial activities. Providing industrial services, and any that are preparatory or complementary with respect to the activities included in the corporate purpose, particularly in connection with vigilance, operation, maintenance, repair and construction of installations. Performing any type of survey or research in connection with the electricity and energy business in general, and specifically in connection with renewable energies. Providing services and executing projects aimed at energy saving and efficiency and sustainable development.*
- 15) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating passenger and merchandise transport services, including medical transport services of sick in specially-equipped vehicles, all kinds of bus and train stations, airports and ports and providing all kinds of services to transportation companies. Managing, operating and maintaining all kinds of parking areas and providing vehicle removal and towing services.
- 16) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating businesses related to logistics sector.
- 17) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating business related to the tourism and entertainment industry.
- 18) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating cemeteries and morgues.
- 19) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating businesses related to the financial services sector.
- 20) Participating in other companies or enterprises, domestic or foreign, by subscribing, acquiring, negotiating and possessing shares, participations and other titles, whether fixed or variable income. Under no circumstances shall the Company participate in the activities reserved for collective investment institutions and companies regulated by Law 35/2003 of 4 November on collective investment institutions.

The Company may participate in the activities mentioned above, on its own, both in Spain and abroad, or through

interests in other domestic or foreign companies with analogous or identical corporate purposes. Such interests may include subscribing, purchasing or acquiring, by any legally acceptable means, mercantile bonds or securities entitling the owner to participate in the share capital or the profits of such companies, as well as other business association arrangements.

Those activities for which the law establishes special requirements with which the Company does not comply are excluded.

5.4. Amendment to article 37 ("Remuneration") of the Articles of Incorporation.

"Article 37. Remuneration"

The office of board member is remunerated. The remuneration shall consist of a share of the net profits which shall not be more than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. in 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 allocated to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The Board will distribute among its members the remuneration resolved at the General Meeting, taking into account the functions and responsibilities of each one in the Board or its **internal** committees and other criteria envisaged in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as attendance fees, variable remuneration and benefit schemes.

Notwithstanding the foregoing, the directors will be paid for attending meetings of the Board and its internal Committees. For these purposes, the General Meeting of Shareholders will determine the amount payable under this heading each year, which will be distributed by the Board among its members on the basis of their actual attendance at meetings of the Board and of its internal Committees of which they are members.

The Company will also, in any event, maintain civil liability insurance for its directors.

In accordance with the resolution adopted by the General Meeting, and regardless of the provisions of the foregoing paragraphs, director remuneration may also consist of the delivery of shares or stock options, or may be referenced to the value of the Company shares.

The remuneration mentioned in the preceding paragraphs for board members will be compatible with the other remuneration (wages or service or professional fees) paid to the board members for managerial, executive, advisory or any other duties, other than the directors' functions of collective supervision and decision-making, which they perform for the Company, under the form of hired employment, lease of services or any other form legally applicable to them based on their nature.

The Board of Directors will draw up an annual report on director remuneration, containing the company's remuneration policy approved by the Board for the current year, that projected for future years, an overview of how the remuneration policy was applied during the year and the detailed individual remuneration accrued by each director, which will be published and voted on, on a consultative basis, as a separate item on the agenda for the General Meeting."

II.- Amendment of the Rules of the General Meeting of Shareholders to update their content in line with recent changes to legislation regarding companies: articles 1, 3, 4, 5, 6, 7, 8, 9, 11, 15, new 15 bis, 16 and 19. (Item 6 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, it is proposed to amend the Rules of the General Meeting as follows:

"Article 1. General Meeting of Shareholders"

1. The General Meeting of Shareholders is the supreme decision-making body of the Company on the matters falling under its jurisdiction.
2. The decisions of the duly-constituted General Meeting, passed in accordance with the terms of the Articles of Incorporation, these Rules and other applicable laws, shall be binding upon all shareholders, including absentees, dissidents and abstainers, without prejudice to the rights and remedies available to them under the law.
3. **The Company shall at all times guarantee equal treatment of all shareholders that are in the same position with regard to information, participation and voting in the General Meeting of Shareholders.**

Article 3. Functions of the General Meeting of Shareholders

The General Meeting of Shareholders will decide on the matters falling under its jurisdiction according to the law

and to the Articles of Incorporation, including, but not limited to, the following:

1. The appointment and removal of directors, liquidators and auditors, and the presentation of shareholder derivative suits against any of them.
2. Approval, if appropriate, of the parent company and consolidated financial statements for the previous year and of the application of the previous year's income.
3. Capital increases and reductions.
4. *Issues of bonds and other marketable securities.*
5. Amendments to the Articles of Incorporation.
6. Dissolution, merger, demerger, assignment en bloc of the assets and liabilities, change of corporate form, and transfer of the domicile to another country.
7. *Authorisation to acquire own share within the legal limits.*
8. Approval and amendment of these Rules.
9. Overriding or limitation of the pre-emptive subscription right.
10. Approval of the final liquidation balance sheet.

Any other matter falling under the competence of the General Meeting, either by law or in these Articles of Incorporation, may be addressed in an ordinary or extraordinary session upon completion of all applicable requirements of the law *or these Articles.*

Article 4. Announcement of the General Meeting of Shareholders

1. Without prejudice to the provisions of the Capital Companies Act with respect to the Universal General Meeting and the possibility of calling a General Meeting by court order, the Board of Directors is the body entrusted with giving notice of the General Meeting of Shareholders:
 - a) Sufficiently 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, indicating in the request the business to be transacted at the meeting. In this case, the Directors must give notice of the General Meeting *to be held within two months from the receipt by the Directors of the notarised request*, and must necessarily include in the agenda of the meeting the issues referred to in the request.
 - d) In all other cases envisaged by law and by the Articles of Incorporation.
2. If the General Meeting is not called within the period established by law or in the Articles of Incorporation, it may be called, at the petition of any shareholder, by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.
If the directors fail to call a General Meeting at the request of a minority, it may be called by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.
3. The Ordinary General Meeting of Shareholders shall be valid even if it is convened or held outside the required period.
If a properly notified General Meeting of Shareholders, of any type, cannot be held at first call and no alternate meeting date was envisaged in the notice of meeting, notice must be given of the second call, with the same Agenda and the same publicity requirements as the first call, to be held within the fifteen (15) days following the date of the Meeting that was not held, giving notice at least ten (10) days in advance of the scheduled date.

Article 5. Meeting Announcement

1. General Meetings, whether ordinary or extraordinary, shall be convened by placing an announcement in the Official Gazette of the Business Register *or in one of the newspapers with the largest circulation in Spain*, on the company's website *and on the website of the National Securities Market Commission*, at least one month in advance of the meeting date.
Nevertheless, an Extraordinary General Meeting of Shareholders may be announced with at least fifteen days' advance notice. This reduction of the notice period shall require an express decision by the Ordinary General Meeting of Shareholders by at least two-thirds of the subscribed voting capital, and the decision may not be valid beyond the date of the next Ordinary General Meeting of Shareholders.
The Board of Directors must consider the advisability of publishing the meeting announcement in other media.
2. The meeting announcement will contain:
 - a) The name of the Company, and the place, date and time of the meeting at first call and at second call; there must be at least twenty-four hours between the times of first and second call, *and the position of the person(s) giving notice of the meeting.*
 - b) The agenda of the General Meeting of Shareholders, written clearly and precisely and including the business to be transacted at the meeting, drafted so as not to prevent issues which are substantially independent from being voted on separately, in order that the shareholders may express their



preferences separately.

- c) The date by which shareholders must have their shares on record in order to be able to participate and vote at the General Meeting of Shareholders, and the means of accrediting share ownership to the Company.
- d) The place and form in which the full text of the documents and motions may be obtained, and the address of the Company's website where the information will be made available.
- e) Clear and accurate information on how a shareholder must proceed in order to participate and vote at the General Meeting of Shareholders, particularly the following:
 - The right to request information, to add items to the Agenda and to present motions, and the deadline for exercising such rights. Where it is stated that more detailed information about those rights may be obtained on the Company's website, the announcement may confine itself to stating the deadline.
 - The system for voting by proxy, particularly stating the forms to be used for granting proxy and the means that must be used for the Company to accept notice of proxy by electronic means.
 - The procedures established for distance voting, either by postal mail or electronically.
- 3. The agenda contained in the announcement shall be determined by the Board of Directors, although shareholders who own at least 5% of capital may request the publication of a supplement to the announcement of the Ordinary General Meeting of Shareholders, adding one or more items to the agenda, provided that the new items are accompanied by a justification or a reasoned motion, as appropriate. The shareholders who wish to exercise that right, which shall not apply in an event to Extraordinary General Meetings, must send that supplement by certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement to the notice of meeting must be published at least 15 days prior to the date specified for the meeting. If the supplement to the notice is not published by the legal deadline, the Meeting shall be null and void.
- 4. Shareholders representing at least five per cent of capital may, within five days from the date of notice of the Meeting, present reasoned proposals for motions on the items on the agenda or which must be added to the Agenda of the Meeting of which notice has been given.
As such proposals and any accompanying documentation are received, the Company must ensure that they are duly distributed among the other shareholders by publishing them without interruption on its website.

Article 6. Information available as soon as the General Meeting is announced

As from the date of the meeting announcement, and until the General Meeting is held, the Company will make available to its shareholders, at its registered offices and, uninterruptedly, on its website, the following:

- a) The full text of the announcement.
- b) The total number of shares and voting rights at the date of the notice, broken down by class of shares, if any.
- c) The full text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda and any motions presented by shareholders, as they are received.
When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included: (i) professional and biographical profile; (ii) other Boards of Directors to which they have belonged, both listed and unlisted companies; (iii) indication of the category of director to which they belong, specifying, in the case of proprietary directors, the shareholder at whose request the appointment, ratification or re-appointment has been proposed, or with whom they have ties; (iv) date of their first appointment as a director of the Company, and date of their subsequent appointments; (v) Company shares and share options which they possess.
- d) The documents or information to be presented at the General Meeting and, in particular, the reports by directors, auditors and independent experts which, by law or under the Articles of Incorporation, must be made available to the shareholders on the items on the meeting agenda as from the date of the announcement of the General Meeting of Shareholders.
- e) Information on the channels of communication between the Company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable regulations.
- f) The means and procedures for granting proxy for the General Meeting and for voting by means of distance communication. In particular, the forms for accrediting attendance and voting by proxy and at a distance at the General Meeting, unless they are sent directly by the Company to each shareholder. In the event that they can not be published on the website for technical reasons, the Company must indicate how to obtain the paper forms, and will send them to any shareholder who requests them.
- g) The rules of the Electronic Shareholder Forum.

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

- 1. Up to seven calendar days before the first scheduled date for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items 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, and about the auditors' report.
- 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, delivered by hand, 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. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairperson may refuse to supply the requested information when, in his opinion, the publication of the requested information might 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 Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department.
6. Without prejudice to what is provided above, the directors shall not be obliged to respond to specific questions from shareholders where the information sought is already clearly and directly available to all shareholders on the Company's website in the form of questions and answers.

Article 8. Proxies

1. Shareholders entitled to attend the General Meeting of Shareholders may delegate a proxy to represent them, who may or may not be a shareholder.

Where the shareholder issues voting instructions, the proxy must vote in accordance with them and is obliged to retain such instructions for one year from the date of the corresponding General Meeting.

A proxy may represent more than one shareholder, without limitation as to the number. Where a proxy is representing several shareholders, he/she may cast votes for and against a motion based on the voting instructions given by each shareholder.

The delegation may also cover items which, though not on the Agenda, may legally be transacted at the General Meeting.

In any event, the number of votes that are represented will be counted for the Meeting quorum.

Powers of proxy may always be revoked. The shareholder's attendance at the General Meeting of Shareholders constitutes a revocation of the proxy, regardless of the date of the proxy.

2. The representation shall be conferred according to the terms and within the scope established in the Capital Companies Act, in writing, and specifically for each General Meeting, except when the representative is a spouse, ascendant or descendant of the shareholder or holds a general power of attorney granted in a public instrument with powers to administer all of the shareholder's assets in Spain.

The proxy may also be granted by post, whereby a written document is handed to the Company indicating the representation granted, accompanied by the attendance card issued by the Company or entities responsible for keeping a record of account entries. However, the attendance card itself may suffice when used for the purposes of delegation by post.

Representation may also be granted by **electronic or other means** of distance communication that duly guarantee the identity of the principal and proxy and the security of the electronic communications as determined by the Board of Directors when the General Meeting of Shareholders is announced, which will be publicised in the meeting announcement and on the Company's corporate website.

Representation granted by electronic means shall be subject, as far as possible, to the provisions of article 15 bis of this Regulation with regard to distance voting.

Representation granted by any of the above **electronic or other** means of distance communication must be received by the Company at least **twenty-four (24) hours** before the time scheduled for the General Meeting at first call. Otherwise, proxies will not be recognised.

All the foregoing shall apply to the revocation of proxies.

3. The Chairman and Secretary of the General Meeting of Shareholders will have broad powers to grant the validity of the document or other proof of representation; they may only refuse to recognise that which lacks the minimum necessary requirements, provided that they are irremediable.
4. Before his/her appointment, the proxy must inform the shareholder in detail if there is a situation of conflict of interests. If the conflict arises after the appointment and the principal shareholder was not warned of the possibility of its existence, he/she must be informed immediately. In either case, if the proxy does not receive precise new voting instructions for each of the matters on which the proxy has to vote on behalf of the shareholders, he/she must abstain. In particular, there may be a conflict of interests where the proxy is in any of the situations envisaged in article 523.2 of the Capital Companies Act.
5. When directors of the Company or any other person or entity make a public solicitation of proxies, the rules contained in the Capital Companies Act and in the implementing regulations will apply. In particular, the proxy document must contain the Agenda or include it as an annex, as well as the request for instructions on how to exercise the right to vote and indicating how the proxy should vote in the absence of specific instructions.

The proxy may vote otherwise when circumstances arise that were unknown at the time the instructions were given and the interests of the principal are in jeopardy. Where the proxy votes other than as instructed, he must immediately inform the shareholder in writing, detailing the reasons for the vote.

Public solicitations of proxy may also be made by electronic means in accordance with the provisions of

these Rules and the Company's other internal regulations.

A public solicitation of proxies will be deemed to have occurred where a given person represents more than three shareholders.

6. Where the directors or another person, acting on the behalf or in the interests of any of them, made a public solicitation of proxies, in addition to complying with the provisions of item 4 above, the director who obtains it may not vote the corresponding shares in connection with items on the Agenda in which he is in a conflict of interests, *except where he/she received precise voting instructions on each of those items from the principal.* In any case, a director will be deemed to be in a conflict of interest regarding the following decisions:
 - a) His appointment, *re-election* or ratification as director.
 - b) His dismissal or removal as a director.
 - c) Shareholders derivative suits against him.
 - d) Approval or ratification, as the case may be, of transactions between the Company and the director in question, companies controlled or represented by him, or persons acting on his behalf.

Article 9. Right to attend, obligation to attend

1. Shareholders possessing one or more shares, *including non-voting shares*, will be entitled to attend the General Meeting, provided that their 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 in the notice of meeting, by exhibiting the pertinent certificate or attendance card issued by the Company, or in any other form permitted by law.
The member entities of the Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) may be authorised by the Company to issue General Meeting attendance cards to the shareholders who have deposited their shares; these cards are also provided, where appropriate, by the Company itself, upon proof of share ownership.
The Company will advise these entities about the format of the attendance card that must be issued to the shareholders, ensuring that the cards issued by these entities are uniform and include a bar code or another system which allows the card to be read electronically to record meeting attendance automatically, and the form in which this document may be used to grant proxy to another shareholder. The attendance card may indicate the identity of the proxy where the shareholder represented has not expressly indicated it, and possible conflicts of interest.
2. The members of the Board of Directors are obliged to attend the General Meeting of Shareholders, *but their presence is not necessary for the Meeting to be declared quorate.* Executives, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings when the Board of Directors sees fit and considers that their participation in the Meeting may be useful to the Company. The Chairman of the General Meeting may authorise any other person to attend, as he sees fit, but the General Meeting is entitled to revoke such authorisation.

Article 11. Constitution of the General Meeting of Shareholders

1. Starting two hours before the scheduled time for 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 or to represent their principals, as the case may be. Meeting attendance rights will be accredited by presenting the certificate, issued by the entities in charge of registering the Company's shares, accrediting the registration, in the shareholders' name, of at least one share at least five days in advance of the Meeting date *or by presenting an attendance card issued by the Company or by the members of Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) authorised by the Company for this purpose.*
Shareholders wishing to cast their votes by *electronic or other* distance means of communication must accredit their identity and shareholder status *in accordance with the provisions of article 15 bis of these Rules.*
2. The shareholders or their proxies who arrive at the meeting after it has been called to order and has begun to discuss the items on the agenda will not be included in the list of attendees.
3. The list of attendees will be included at the beginning of minutes or appended to it as an annex signed by the Secretary and countersigned by the Chairman.
4. Shareholders who vote using distance means, as provided for in *article 15 bis of these Rules*, will be counted as present for the purposes of determining the quorum of the General Meeting of Shareholders.
5. Once there is a quorum, the Meeting will be called to order at the pre-established place, date and time, at either first or second call.
6. The Chairman or Secretary will read the announcement, or may take it as read if none of the shareholders object, and then state the total figures from the attendance list, indicating the number of voting shareholders in attendance and represented at the meeting, the number of shares held by each category and the percentage of share capital they represent.
7. Once this information is publicly announced by the Chairman or the Secretary, the Chairman will then state whether or not the meeting is quorate. 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.

8. Following this, the Chairman will call the meeting to order, if appropriate.
9. Both ordinary and extraordinary General Meeting of Shareholders will be quorate:
 - Generally, at first call, when the shareholders present or represented possess at least fifty percent of the subscribed voting capital. On second call, when the shareholders present or represented possess at least forty-five percent of the subscribed voting capital.
 - **The percentages referred to in the preceding paragraph shall also apply** in order for the ordinary or extraordinary General Meeting of Shareholders to validly resolve resolutions on debenture issues, capital increases or decreases, the transformation, merger or spin-off of the Company, globally assignment of assets and liabilities, suspend or limit pre-emptive rights of new shares, the transfer of the corporate address abroad, and, in general, any modification of the Articles of Incorporation.
 - When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed voting capital, the motions 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.
10. If it is necessary, for any reason, to hold the meeting in separate rooms, audio-visual equipment will be set up to permit interactivity and intercommunication between the rooms in real time and, therefore, the transaction of the meeting as a single act.

Article 15. Voting on Proposals

1. Upon conclusion of the shareholders' addresses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the Agenda and any others which by law need not be included in the agenda will be voted on.
2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the Agenda item to which each proposed resolution refers.
3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:
 - a) The system for voting on the proposed resolutions relating to the items on the Agenda will be by a negative deduction system. This means that, for each proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.
 - b) The system for voting on the proposed resolutions relating to items not on the Agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.
 - c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.
 - e) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on: (i) the appointment or ratification of directors, which must be voted on individually; and (ii) amendments to the Articles of Incorporation where each article or group of articles is substantially independent.
 - f) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.
4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in question, and whether the shareholders/representative votes in favour or against, or abstains.

Article 15 bis. Voting by means of distance communication

1. Shareholders may vote on items on the Agenda by postal mail, e-mail or any other means of distance communication which duly guarantees the identity of the shareholder and, as the case may be, the security of the electronic communications, in accordance with current legislation.
2. To vote by postal mail, the shareholder must send the Company a written notice of his vote in favour or against, or his abstention, attaching the attendance card issued in his name by the Company or by the firm(s) entrusted with the book-entry register. However, the attendance card itself, duly completed and signed, may

- suffice when the text on the card itself specifically allows its use for distance voting.
3. Votes by electronic means must be cast using a recognised electronic signature or other class of guarantee that the Board of Directors considers suitable for assuring the authenticity and identity of the voting shareholder, accompanied by an inalterable electronic copy of the attendance card.
Nevertheless, the Company may establish a specific computer application on its website to enable remote voting, in which case it will not be necessary to send the inalterable electronic copy of the documents referred in the previous section.
 4. Votes cast by any of the means envisaged in the preceding sections must be received by the Company at least twenty-four (24) hours before the time scheduled for the General Meeting at first call. Otherwise, the vote will not be recognised.
 5. Votes issued by means of distance communication as referred to in this article will be null and void:
 - a) If they are expressly revoked thereafter by the same means used to cast them, and within the period established for this purpose.
 - b) If the shareholder who cast the vote attends the Meeting in person.
 6. The Board of Directors is empowered to elaborate upon the foregoing provisions by establishing the appropriate rules, means and procedures in line with the state of the art for casting votes and granting proxy by means of distance communication, in conformity, in any case, with the regulations issued for this purpose and the Articles of Incorporation.
In particular, the Board may (i) regulate the use of guarantees other than the electronic signature for electronic voting as provided in paragraph three above, and (ii) reduce the advance period established in paragraph four above for the receipt by the Company of the votes cast by postal or electronic mail.
In any case, the Board of Directors will adopt the necessary measures to avoid duplication and ensure that the person casting the vote or granting proxy by postal or electronic communication is entitled to do so pursuant to the provisions of the Articles of Incorporation and these Rules.
 7. Any implementing regulations adopted by the Board of Directors under the provisions of this Article will be published on the Company's website.

Article 16. Passage of resolutions and proclamation of results

1. The passage of resolutions will require the following majorities:
 - a) At first call: resolutions will be passed when more than one-half of the shares present or represented at the meeting vote in favour.
 - b) At second call: resolutions will likewise be passed when more than one-half of the shares present or represented at the meeting vote in favour. However, when attendance is below one-half of the voting share capital, the passage of resolutions relevant to bond issues, capital increases or reductions, the transformation of the Company's corporate form, a merger or demerger or any other amendment to the Articles of Incorporation will require the favourable vote of at least two-thirds of the share capital in attendance.
2. The Chairman will declare the resolutions passed when he has evidence of sufficient votes in favour, without prejudice to the statements made by the attending shareholders to the notary public or the meeting officers in this regard. *For each motion, the number of shares in respect of which valid votes were cast, the proportion of capital represented by those votes, the total number of valid votes, the number of votes in favour and against the motion, and any abstentions, will be determined.*

Article 19. Publication of resolutions

1. Without prejudice to registration of qualifying resolutions in the Mercantile Register and to the legal requirements for the publication of company resolutions, the Company will forward the text of the approved resolutions to the National Securities Market Commission by the deadline stipulated by the latter.
2. The *full* text of the resolutions *that are adopted and the outcome of the votes* will be posted on the Company's website *within five (5) days from the conclusion of the General Meeting* and will be published in the Annual Corporate Governance Report."

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