

REPORT FROM THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. REGARDING THE PROPOSAL UNDER ITEM 5 OF THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS CONVENED ON 31 MAY 2012, AT FIRST CALL, AND 1 JUNE AT SECOND CALL (PROPOSAL TO AMEND THE ARTICLES OF INCORPORATION)

1. Purpose of the report

This report is drawn up by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the "**Company**") in support of the motion submitted to the Ordinary General Meeting of Shareholders convened for 31 May 2012, at 16:00 hours, at first call, and for 1 June 2012, at the same time, at second call, under item **5** of the agenda.

In order for the motion to be submitted for approval to the General Meeting of Shareholders, the Board of Directors of the Company is required to draft a written report, as provided in article 286 of the Consolidated Text of the Capital Companies Act (hereinafter, the "**Capital Companies Act**") and, to that end, this report is hereby issued.

2. Justification of the proposal

The Board of Directors considers it necessary to amend the Articles of Incorporation with the following basic objectives:

A) To adapt their wording to recent amendments made to the Capital Companies Act by Act 25/2011, of 1 August, partly amending the Capital Companies Act and transposing Directive 2007/36/EC of the European Parliament and the Council of 11 July on the exercise of certain rights of shareholders in listed companies (hereinafter "**Act 25/2011**") and by Royal Decree-Act 9/2012 of 16 March, simplifying disclosure requirements and documentation on mergers and demergers of capital companies (hereinafter "**Royal Decree-Act 9/2012**").

B) To introduce a number of technical improvements and measures for harmonisation with other internal regulations of the Company and, in particular, the Rules of the General Meeting of Shareholders and the Rules of the Board of Directors.

C) To amend the corporate purpose so as to reflect more accurately the activities that the Company may perform in the field of social services and healthcare and in the energy sector.

D) To amend the existing director remuneration system for the sole purpose of expressly regulating fees for attendance at meetings of the Board of Directors and its internal committees as a form of remuneration.

Below are listed the individual Articles of Incorporation which it is proposed to amend, grouped on the basis of foregoing criteria:

2.1. - Adaptation to the Capital Companies Act as amended by Act 25/2011 and Royal Decree-Act 9/2012.

- Article 4 (Domicile, branches and corporate website): it is proposed to round out the wording in accordance with the provisions of articles 11 bis, 11 ter and 11 quater of the Capital Companies Act.
- Article 6 (Shares): in the second paragraph it is proposed to provide for the possibility, recognised by law in article 497 of the Capital Companies Act, of the Company requesting to identify its shareholders, with the possibility that the Company may create its own register of shareholders.
- Article 12 (General Meeting of Shareholders): it is proposed to include an express mention of the principle of equal treatment as defined in the new article 514 of the Capital Companies Act, given the importance of this principle.
- Article 14 (Meeting Announcements): a number of amendments to this article are proposed, basically to adapt the wording to the provisions of articles 174, 177, 515, 516, 517 and 519 of the Capital Companies Act, referring to the following aspects:
 - Additional disclosures are introduced that must necessarily be made in the notice of the General Meeting of Shareholders, in accordance with articles 174 and 517 of the Capital Companies Act.
 - The obligation is introduced to publish a notice convening the General Meeting at second call within fifteen days from the date of the meeting not held and at least ten days before the date set for the meeting, when the first announcement did not provide for an alternate date, in accordance with Article 177 of the Companies Act Capital.
 - In accordance with article 515 of the Capital Companies Act, the possibility is introduced of reducing the advance notice of extraordinary meetings to fifteen days, subject to approval by the General Meeting of Shareholders.
 - The media by which the notice is published are changed in accordance with the provisions of article 516 of the Capital Companies Act.

- Finally, this article is completed with the inclusion to the right of shareholders representing at least five per cent of the capital to submit reasoned proposals on matters already on the agenda or to be included in the agenda of the announced Meeting, in accordance with the provisions of Article 519 of the Capital Companies Act.
- Articles 18 (Legitimization for attending General Meetings) and 19 (Representation): it is proposed to amend these articles to adapt their wording to the provisions of the new Article 521 of the Capital Companies Act.
- Article 23 (Right to Information): the changes proposed in this article are to adapt its wording to the new article 520 of the Companies Capital Act in connection with the matters on which shareholders can request information from the directors of the Company.
- Article 24 (Deliberations. Resolutions. Minutes): it is proposed to adapt the wording to article 525 of the Capital Companies Act on the disclosure of the outcome of voting at the General Meeting of Shareholders, and to amend the second paragraph in line with the wording of article 18 of the Articles of Incorporation and article 15.3 e) of the Rules of the General Meeting of Shareholders.
- Article 29 (Requirements and Term): it is proposed to amend the first paragraph to adapt it to the wording of the new article 212 bis of the Capital Companies Act with regard to the requirements regarding a natural person representing a director that is a legal person.
- Article 30 (Announcement. Meetings): it is proposed to include, in the first paragraph, the possibility of a Board of Directors meeting being called by at least one-third of the directors, in the terms set out in article 246 of the Capital Companies Act.
- Article 31 (Constitution): the proposed amendment seeks to adapt the wording to that used in article 247.2 of the Capital Companies Act.
- Article 44 (Deposit of Annual Accounts): it is proposed to amend this article to adapt its wording to that of article 279 of the Capital Companies Act.
- Article 46 (Liquidation): it is proposed to amend this article to adapt its wording to the new wording of article 376 of the Capital Companies Act.

2.2 Technical improvements and measures to harmonise with other internal regulations of the Company.

- Article 16 (Authority and Obligation to Call General Meetings): It is proposed to explicitly indicate the length of the period provided for in the new wording of article 168 of the Capital

Companies Act.

- Article 17 (Formation of the General Meeting): it is proposed to amend the wording of the second paragraph to clarify the required quorum.
- Article 25 (Powers of the General Meeting): a technical amendment is proposed to cover the functions of the General Meeting as set out in the Articles of Incorporation.
- Article 39 (Audit and Control Committee and Appointment and Remuneration Committee): it is proposed to amend this article to adapt it to the changes proposed in connection with the Board of Directors in article 31 of the Articles of Incorporation, in accordance with the provisions of article 248 of the Capital Companies Act.
- Article 40 (The Advisory Board): a technical amendment is proposed, replacing the term "Delegated Committees" with the term "Internal Committees".

2.3.- To amend the corporate purpose so as to reflect more accurately the activities that the Company may perform in the field of social services and healthcare and in the energy sector.

Article 2 (Corporate purpose): It is proposed to amend paragraphs 10 and 14 of this article so as to provide greater detail of the various activities that the Company can perform in the area of social services and healthcare for certain groups and in the energy sector.

2.4.- Amendment of the existing director remuneration system for the sole purpose of expressly regulating fees for attendance at meetings of the Board of Directors and its internal committees as a form of remuneration.

Article 37 (Remuneration): it is proposed to amend this article so that the attendance fees that directors may collect at present as part of the internal distribution of the share in profits by the Board should be configured as a separate item of compensation mandated in the Articles.

Attached as an annex to this report is the text of Articles of Incorporation whose amendment is proposed, in two columns, with the current wording and proposed wording, highlighting the amendments.

Madrid, 12 April 2012.

ORIGINAL WORDING	
<u>Article 2.- Corporate purpose</u> 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.	<u>Article 2.- Corporate purpose</u> 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.	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.	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.	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.	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	9) Creating, designing, buying, selling, operating and assigning patents, models, trademarks, licenses and other types of industrial or intellectual

property.	property.
10) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating geriatric residences.	10) Studying, planning, buying, assigning, disposing of, developing, advising, administering, managing and operating geriatric residences <u>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.</u>
11) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the food sector.	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.	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.	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) Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the energy sector.	14) <u>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</u>
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.	<u>general, and specifically in connection with renewable energies. Providing services and executing projects aimed at energy saving and efficiency and sustainable development.</u>Studying, planning, buying, assigning, disposing of, developing, advising, managing and operating business related to the energy sector. 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
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	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.
<u>Article 4. Domicile and branches</u> 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.	<u>Article 4. Domicile, and branches and corporate website</u> 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. <u>The Company shall have a corporate website ("www.fcc.es") in the terms established in the Capital Companies Act.</u> <u>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.</u> <u>The Board of Directors shall be competent to decide to amend, eliminate or move the Company's website.</u>

<u>Article 6. Shares</u> The shares are represented by account entries and shall be governed by the provisions of the regulations governing the stock exchange. Each share entitles the owner to one vote.	<u>Article 6. Shares</u> The shares are represented by account entries, <u>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;</u> and shall be governed by the provisions of the regulations governing the stock exchange. Each share entitles the owner to one vote. <u>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.</u> <u>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.</u>
<u>Article 12. The General Shareholders Meeting</u> 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.	<u>Article 12. The General Shareholders Meeting</u> 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. <u>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.</u>
<u>Article 14. Meeting Announcements</u> General Meetings, whether ordinary or extraordinary, shall be convened by placing an announcement in the Official Gazette of the Business Register and on the company's website 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	<u>Article 14. Meeting Announcements</u> General Meetings, whether ordinary or extraordinary, shall be convened by placing an announcement in the Official Gazette of the Business Register <u>or in one of the newspapers with the largest circulation in Spain,</u> and on the company's website <u>and on the website of the National Securities Market Commission,</u> at least one month in advance of the meeting date. <u>Nevertheless, an</u>

alternate meeting date. The announcement shall indicate the name of the company, 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 to the meeting announcement be published such as to add one or more items to the agenda. The shareholders who wish to exercise that right 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.	<u>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.</u> 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. <u>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.</u> The announcement shall indicate the name of the company, the place, date and time of the General Meeting and <u>the Agenda, listing all the issues to be addressed, the position of the person(s) announcing the meeting. It shall also indicate</u> 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, <u>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..</u> Shareholders who own at least 5% of capital may request that a supplement to the <u>announcement of the Ordinary General Meeting of Shareholders</u> meeting announcement be published such as to add one or more items to the agenda, <u>provided that the new items are accompanied by a justification or a reasoned motion, as the case may be.</u> The shareholders who wish to exercise that right, <u>which shall not apply in an event to Extraordinary General Meetings,</u> must send that supplement by certifiable means to the company's registered offices
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	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. <u>If the supplement to the notice is not published by the legal deadline, the Meeting shall be null and void.</u> <u>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.</u>
<u>Article 16. Authority and Obligation to Call General Meetings</u> 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 meeting shall be convened the Directors must give notice of the General Meeting within thirty (30) days of the receipt by the Directors of the notarised request. The Directors shall 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.	<u>Article 16. Authority and Obligation to Call General Meetings</u> 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 meeting shall be convened <u>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</u> the Directors must give notice of the General Meeting within thirty (30) days of the receipt by the Directors of the notarised request. The Directors shall 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.
<u>Article 17. Formation of the General</u>	<u>Article 17. Formation of the General</u>

<u>Meeting</u> 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. Notwithstanding the provisions of the previous paragraph, 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, 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 in the first call, and in the second call, it shall suffice the attendance of forty-five percent (45%) of the subscribed capital with voting rights. 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.	<u>Meeting</u> 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 Notwithstanding the provisions of the previous paragraph,—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,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 in the first call, and in the second call, it shall suffice the attendance of forty-five percent (45%) of the subscribed capital with voting rights. 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.
<u>Article 18. Legitimization for attending General Meetings.</u> 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	<u>Article 18. Legitimization for attending General Meetings.</u> 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. 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 the Rules of the General Meeting of Shareholders, provided that the governing body so decides. When each General Meeting 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, while 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 proxy, 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 will 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, where this possibility is allowed.	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 <u>but their presence is not a requirement for the Meeting to be declared quorate</u>. 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 <u>these Articles of Incorporation and by means of distance communication, in accordance with the Rules of the General Meeting of Shareholders, provided that the governing body so decides.</u> <u>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.</u> When each General Meeting 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, while 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 proxy, 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 will 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, where this possibility is allowed.
<u>Article 19. Representation</u> 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	<u>Article 19. Representation</u> 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, 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.	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 <u>and, as appropriate, the security of the electronic communications</u>, 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.
<u>Article 23. Right to Information</u> 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. 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 contained in the agenda during the General Meeting itself, prior to examining and to 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	<u>Article 23. Right to Information</u> 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, <u>and about the auditors' report</u>. 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 <u>matters set out in the preceding paragraph matters contained in the agenda</u> during the General Meeting itself, prior to examining and to discussing the items contained in the agenda, or requested in writing up to the seventh day before the

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. 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.	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. <u>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.</u> 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 items of the agenda and any proposals to appoint members of the Board of Directors shall be voted on separately. Shareholders entitled to vote may cast their votes by post, electronically or using any other distance communication means determined	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 items-matters of the agenda <u>that are substantially independent and, in particular, and—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</u>

by the Board of Directors in each case for each General Meeting which, duly guarantees the identity of the voting shareholder, 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 requires a qualified majority. Each share shall be entitled to one vote. 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.	<u>that is substantially independent</u> 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 <u>and the security of the electronic communications, as appropriate</u>, 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 <u>or these Articles</u> requires a qualified majority. Each share shall be entitled to one vote. <u>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.</u> 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. <u>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</u>
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<u>Article 25. Powers of the General Meeting</u> The powers of the General Meeting of Shareholders are all of those attributed to it by the Capital Companies Act. 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 legal requirements.	<u>Shareholders.</u> <u>Article 25. Powers of the General Meeting</u> The powers of the General Meeting of Shareholders are all of those attributed to it by the Capital Companies Act <u>and these Articles of Incorporation.</u> 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 <u>requirements of the law or these Articles</u>legal requirements.
<u>Article 29. Requirements and Term</u> 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 an individual as its permanent representative for the purpose of discharging the duties inherent to the office. 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.	<u>Article 29. Requirements and Term</u> 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 <u>a single</u> individual as its permanent representative for the purpose of discharging the duties inherent to the office. <u>Removal of a legal entity's individual representative shall not take effect until another person is appointed in their place.</u> 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.
<u>Article 30. Announcement. Meetings</u> 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, 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	<u>Article 30. Announcement. Meetings</u> The Board shall convene whenever <u>its Chairman or his substitute decides, or four of its members 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</u>

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.	<u>Company's domicile.</u> <u>In general, and without prejudice to the provisions of the preceding paragraph, 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, on behalf of the Chairman,</u> 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.
<u>Article 31. Constitution</u> At least one-half plus one 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.	<u>Article 31. Constitution</u> At least one-half plus one <u>A majority</u> 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.
<u>Article 37. Remuneration</u> 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	<u>Article 37. Remuneration</u> 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 delegate 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. 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 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, will be published and voted on, on a consultative basis, as a separate item on the agenda for	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 delegate<u>internal</u> 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. <u>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.</u> <u>The Company will also, in any event, maintain civil liability insurance for its directors.</u> 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. <u>The Board of Directors will draw up an</u> The 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, <u>which</u> will be published and voted on, on a
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the General Meeting.	consultative basis, as a separate item on the agenda for the General Meeting.
<u>Article 39. Audit and Control Committee and Appointment and Remuneration Committee.</u> 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.	<u>Article 39. Audit and Control Committee and Appointment and Remuneration Committee.</u> 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 one more than	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 one more than
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half 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 only when those in attendance or represented account for one more than half of its members, and resolutions will be passed by 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	halfa 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 only when those in attendance or represented account for one more than <u>halfa majority</u> of its members, and resolutions will be passed by <u>absolute</u> 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
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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.	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, Delegated 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.	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-Delegated cCommittees, 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: e) Making proposals to the governing bodies it advises within the scope of their respective authorities. f) Informing the Company on the image it projects in the sector, in the business community and in society. g) Studying and reporting back on the issues submitted to it by the governing bodies it advises. 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.
Article 44. Deposit of Annual Accounts Within one month from approval of the Annual Accounts, a certificate of the resolutions of the General Shareholders Meeting approving the	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

Annual Accounts and the distribution of profits/losses shall be submitted, 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.	General Shareholders Meeting approving the Annual Accounts, <u>duly signed</u>, and the distribution of profits/losses shall be submitted, 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.
<u>Article 46. Liquidation</u> 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, and if their number is an even number, the General Meeting shall appoint by majority, another additional person as liquidator, in order to make this number an odd number.	<u>Article 46. Liquidation</u> 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, and if their number is an even number, the General Meeting shall appoint by majority, another additional person as liquidator, in order to make this number an odd number.

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