

REPORT TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF 21 JUNE 2005 ON THE CHANGES TO THE “REGULATIONS OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.” SINCE THE LAST GENERAL MEETING OF SHAREHOLDERS.

The Regulations of the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. were approved by the Board at its session held on 14 June 2004 and immediately distributed to the markets. Since then, they have been posted on the company's website. A summary of the contents was also included in the minutes of the Ordinary General Meeting held on 23 June 2004.

Since then, the Board of Directors, at its sessions held on 26 October and 22 December 2004, agreed to amend the Regulations as indicated below:

1. BOARD MEETING OF 26 OCTOBER 2004

At this session, after the Chairman resigned as the company CEO and member of the Executive Committee, the post of Managing Director was created and the powers of the Executive Committee and of the Managing Director were redefined and clarified.

The details of the articles modified at that session are as follows:

- **Article 2, second paragraph (Definition of Executive Management):** the figure of the Managing Director is added to the list of Executive Management Personnel contained in this article.
- **Article 10, first paragraph (Certification of Annual Accounts):** the need for the Annual Accounts to be certified by the Managing Director is added.

- **Article 34 (Chairman. Functions):** the executive status of the Chairman is eliminated.
- **Article 35 (Vice Presidents. Managing Directors):** the possibility of having Co-Chairmen is eliminated and the figure of the Managing Director is added.
- **Article 40, third and sixth paragraphs (Executive Committee):** the number of members of the Executive Committee is reduced.

2. BOARD MEETING OF 22 DECEMBER 2004

At this session, the Board made sweeping changes to the contents of the Regulations, bearing in mind the reorganisation agreed at the previous meeting. The most salient aspects of the modifications were as follows:

- The catalogue of undelegable matters which may only be addressed by the full Board was extended.
- The prohibition against competing with the company for a period of two years following the end of a board member's mandate was extended to all director categories.

The non-competition obligation of Directors was extended to include all countries and not just Spain, as had previously been the case.

- The powers of the Managing Director were defined.
- A minimum of six meetings of the Board of Directors per fiscal year was established.

The details of the articles modified at that session are as follows:

- **Article 2, part 2, second paragraph (Definition of Executive Management)**: the expression “specialised companies” was added to that of “top level subsidiaries” for the sake of clarity.
- **Article 3. Interpretation** the references to the Olivencia Code and the Aldama Report were eliminated because they are expected to be rewritten in a new text.
- **Article 4, part 2 (Modification)**: mention is made to the Managing Director since this post was created at the Board meeting of 26 October 2004.
- **Article 7. 2 a) (Powers of the Board of Directors. List of non-transferable functions.** as in article 2, 2, the expression “specialised companies” is included to add clarity to the expression “first level subsidiaries”.

With regard to top level, specialised companies, it is noted that the FCC Board of Directors *proposes* the appointments and revocations of the members of the Boards of Directors of such specialised companies.

- **Article 7. 2 a) (Powers of the Board of Directors. List of non-transferable functions.**
 - o **letter h)**: it is clarified that the Board is responsible for determining the strategy of the FCC Group.
 - o **letter i)**: the limit in excess of which the matter in question becomes a non-transferable function is established.
- **Article 8.3 letter a) (General Functions. Equilibrium in the performance of functions.** text is eliminated to avoid reiteration with the enumeration of indelegable powers.
- **Article 10. Specific Functions relative to the Annual Accounts and Directors’ Report** mention is made of the Corporate Director of Administration and Finance, since the Executive Committee agreed to merge the two corporate departments at its meeting held on 30 November.

- **Article 13, part 1, paragraph 2 (Information to shareholders prior to General Meetings):** justified by the creation of the post of Managing Director.
- **Article 18 parts 3 and 4 (term of office):** the company's interests are protected and conflicts of interest avoided.
- **Article 22 2 letter g (General obligations of Directors):** coordinated with that established in the Internal Code of Conduct.
- **Article 23 part 3 (Non-disclosure obligation of Directors):** it is clarified that when the Director is a legal entity, the non-disclosure obligation affects both the company and its representative.
- **Article 24: (Non-competition)**
 - o **part 1:** the limitation to Spain is eliminated because in the case of the FCC Group this geographic limit makes no sense in view of its international expansion.
 - o **part 3:** a more flexible form of intermediate control is introduced, more demanding than reporting and less than requesting authorisation.
- **Article 25 part 4 (conflict of interest):** the specific situations in which authorisation is required are specified in order to prevent the Board have to decide on matters which are immaterial or unimportant.
- **Article 25 part 6 (conflict of interest):** the expression "relevant" is added to make the rule more flexible and reasonable.
- **Article 29 (the Director's obligation to inform):** the Director's information obligations are specified with respect to the Appointments and Retributions Committee.
- **Article 35 part 2 paragraph 4, 5, 6, 7, 8, 9 and 10 (Vice Presidents. Managing Directors):** the powers of the Managing Director are defined.
- **Article 38.1. (Sessions of the Board of Directors):** a minimum of six meetings per year is established.
- **Article 39 (Committees of the Board of Directors):** the Strategy Committee is included.
- **Article 41.8 (Audit and Control Committee):** the Audit Committee is given more freedom to decide when, during each quarter, to hold its

periodic meetings, depending on the legal or statutory actions it needs to take.

- **Article 42. (The Appointments and Retributions Committee):** the limit of four members of the Appointments and Retributions Committee is removed.
- **Article 43 (Strategy Committee):** the compositions and functions of the Strategy Committee are regulated.