



REPORT by the Board of Directors OF FOMENTOS DE CONSTRUCCIONES Y CONTRATAS, S.A. on the proposed AMENDMENT TO THE RULES OF THE GENERAL MEETING OF SHAREHOLDERS (Item 5 of the Agenda).

1. PURPOSE OF THE REPORT

This report is drafted by the Board of Directors meeting on 5 May 2009 to justify the amendment of article 11 of the Rules of the General Meeting of Shareholders of FOMENTO CONSTRUCCIONES Y CONTRATAS, S.A.

2. JUSTIFICATION OF THE PROPOSAL

The amendment to article 11 that is submitted to the General Meeting of Shareholders for approval aims to adapt its content, in coordination with the proposal to amend article 17 of the Articles of Incorporation that has been made available to shareholders, to the new wording of article 103 of Public Corporations Act, as amended by *Law 3/2009, of 3 April, on Structural Amendments to Mercantile Companies*, which imposes special quorum requirements for overriding or limiting pre-emptive subscription rights to new shares, transferring assets and liabilities en bloc, and transferring the corporate domicile to another country.

Accordingly, it is proposed to amend article 11.8 which regulates special situations for the constitution of the Meeting with a view to including the new situations added by aforementioned Law 3/2009.

For comparison purposes, the current and proposed new wording of article 11 of the Rules of the General Meeting of Shareholders is attached:

CURRENT WORDING	PROPOSED WORDING
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. Shareholders wishing to cast their votes by distance means of communication, in those cases where this possibility is envisaged in the meeting announcement, will accredit their identity and shareholder status in the manner determined by the Board of Directors in the announcement. 2. The shareholders or their proxies who arrive at the meeting 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. Shareholders who vote using distance means, as provided for in the meeting announcement, will be counted as present for the purposes of determining the quorum of the General Meeting of Shareholders.	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. Shareholders wishing to cast their votes by distance means of communication, in those cases where this possibility is envisaged in the meeting announcement, will accredit their identity and shareholder status in the manner determined by the Board of Directors in the announcement. 2. The shareholders or their proxies who arrive at the meeting 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 the minutes or appended to it as an annex signed by the Secretary and countersigned by the Chairman. Shareholders who vote using distance means, as provided for in the meeting announcement, will be counted as present for the purposes of determining the quorum of the General Meeting of Shareholders.

4. Once there is a quorum, the Meeting will be called to order at the pre-established place, date and time, at either first or second call. 5. 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. 6. 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. 7. Following this, the Chairman will call the meeting to order, if appropriate. 8. Both ordinary and extraordinary General Meeting of Shareholders will be quorate: - Generally speaking, at first call when the shareholders present or represented possess at least fifty percent of the subscribed capital with voting rights. At second call, when the shareholders present or represented possess at least forty-five percent of the subscribed voting capital. - In order for the General Meeting of Shareholders to validly pass resolutions on debenture issues, capital increases or decreases or the transformation, merger or division of the Company and, in general, any modification of the Articles of Incorporation, it shall be necessary for shareholders accounting for at least fifty percent (50%) of the subscribed capital with voting rights to be present or	4. 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. 5. 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. 6. 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. 7. Following this, the Chairman will call the meeting to order, if appropriate. 8. Both ordinary and extraordinary General Meeting of Shareholders will be quorate: - Generally speaking, at first call when the shareholders present or represented possess at least fifty percent of the subscribed capital with voting rights. At second call, when the shareholders present or represented possess at least forty-five percent of the subscribed voting capital. - In order for the General Meeting of Shareholders to validly approve bond issues, capital increases or reductions, the change of corporate form, or the merger or demerger of the Company, <u>the transfer en bloc of assets and liabilities, the overriding or limiting of pre-emptive subscription rights to new shares, the transfer of domicile to another country</u> and, generally, any amendment of the
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represented on the original meeting date, At second call, it will suffice for shareholders accounting for at least forty-five percent (45%) of the subscribed voting capital to be present or represented. - When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed capital with voting rights, the resolutions referred to in the previous paragraph may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting. 9. If 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."	Articles of Incorporation, at least fifty percent (50%) of the subscribed voting capital must be present or represented at first call. At second call, it will suffice for shareholders accounting for at least forty-five percent (45%) of the subscribed voting capital to be present or represented. - When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed capital with voting rights, the resolutions referred to in the previous paragraph may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting. 9. If 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."
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