



**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.**  
**ANNOUNCEMENT OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

As agreed at the Board of Directors meeting held on 21 April 2010, the Ordinary General Meeting of Shareholders of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. will be held at Pavilion 8 of Recinto de Gran Vía de Fira, Calle del Foc, 47, 08038 Barcelona, at 16.00 on 27 May 2010 at first adjournment and, in the absence of a quorum, at the same place and time on 28 May 2010 at second adjournment, in order to deliberate and adopt resolutions relating to the following items on the

**AGENDA**

1. Examination and approval of the financial statements and directors' reports of Fomento de Construcciones y Contratas, S.A. and its consolidated group for 2009, as well as the Board of Directors' conduct of business in that year.
2. Examination and approval of the proposed distribution of 2009 income.
3. Appointment and re-appointment of directors.
4. Extension of the period granted to the Board of Directors by the General Meeting of Shareholders of 10 June 2009 to execute the resolution to reduce capital through amortisation of own shares that was adopted by that General Meeting.
5. Renew authorisation to the Board of Directors, with the power to sub-delegate, to increase capital at one or more times in accordance with article 153.1.b) of Public Corporations Act and subject to the limits envisioned in that article.
6. Delegate to the Board of Directors , with express powers to sub-delegate, the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature, secured or unsecured, amounting to at most five hundred million euro (€500,000,000).
7. Delegate to the Board of Directors, with express powers to sub-delegate, the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature which are convertible or give entitlement to subscribe Company shares or which are exchangeable or give entitlement to acquire shares of the Company or of other companies, amounting to at most three hundred million euro (€300,000,000).

Delegate, with express powers to sub-delegate, the power to set criteria to determine the conditions and forms of conversion or the entitlement to subscribe shares of the Company, the power to increase capital in the amount necessary, and the power to override shareholders' pre-emptive subscription rights in accordance with provisions in article 293.3 of Public Corporations Act and other applicable regulations.

For the event that this power to issue securities is exercised, to approve a share buyback programme, the goal of which is to enable the Company to meet its obligations arising from having issued securities that give entitlement to acquire outstanding shares of the company, or for the amortisation of shares in the event that securities are issues which override pre-emptive subscription rights and which are convertible or give





entitlement to subscribe newly-issued shares, with a view to limiting dilution of existing shareholders in the event of conversion or subscription of shares.

For the event that this power to issue securities is exercised, to approve the reduction of the Company's capital by the amortisation of own shares by an amount equivalent to at most the combined nominal value of the new shares of the Company that are issued to cater for requests for conversion or subscription by the holders of securities of these characteristics that were issued overriding the pre-emptive subscription rights. To delegate powers to execute this resolution to the Board of Directors, including powers to sub-delegate.

8. Re-appointment of auditors for the Company and its consolidated group.
9. Broad empowerment of the directors to implement, notarise, register, rectify and execute the adopted resolutions.
10. To approve, where applicable, the Meeting's minutes in any of the ways established in article 113 of the Consolidated Public Corporations Act, or application of the provisions of article 114 of that Act.

Before commencement of deliberations and description of the items in the Agenda, an explanatory report will be presented on the company's capital structure and the governance and control system as envisaged in article 116 bis of Securities Market Act.

#### Supplement to notice

In accordance with article 97.3 of the Public Corporations Act, shareholders who own at least five per cent (5%) of capital may request that a supplement be added to the notice of meeting which adds one or more items to the agenda. For those purposes, shareholders must state the number of shares they own or represent. The shareholders who wish to exercise that right must send that supplement via certifiable means to the company's registered offices (c/ Balmes, 36, Barcelona) for the attention of the General Secretary within five days from publication of this meeting announcement. The supplement must be published at least fifteen days prior to the date scheduled for the General Meeting at first call.

#### Attendance and representation rights

In accordance with article 18 of the Articles of Incorporation, shareholders who own one or more shares are entitled to attend the general meetings of shareholders provided that ownership is registered in the corresponding book-entry register at least five days before the meeting date and this can be accredited by exhibiting the pertinent certificate of legitimation or by any other means permitted by the legislation in force.

Any shareholder entitled to attend the General Meeting may be represented by another person, who need not be a shareholder. Representation shall be conferred according to the terms and within the scope established in the Public Corporations Act, in writing, and separately for each General Meeting, apart from the exceptions regulated by the Public Corporations Act.

In the event of a public request for proxies, the provisions of article 107 of the Public Corporations Act and article 114 of the Securities Market Act will apply.





If a supplement is added to this notice of meeting as a result of the exercise by shareholders representing at least 5% of capital of the right to add additional items to the agenda, shareholders that have granted proxy may:

- a) Grant proxy again with the corresponding voting instructions, with respect to all of the items on the agenda (including the initial items and those items included via supplement), in which case the previously-granted proxy will be understood as revoked; or
- b) Complete the corresponding voting instructions for the initially-appointed proxy (without being able to appoint another), in the same manner as was done in the first place.

#### Right to information

Shareholders may examine the following documents, which will be submitted to the General Meeting for information or approval, at the company's registered offices or may have them delivered immediately and free of charge upon written request:

- The 2009 financial statements and directors' report of Fomento de Construcciones y Contratas, S.A.
- The 2009 financial statements and directors' report of the consolidated group of companies of which Fomento de Construcciones y Contratas, S.A. is the parent company.
- External auditors' reports on the financial statements of the company and its consolidated group.
- Statement of liability in connection with the financial statements.
- The necessary directors' reports for the resolutions included in the agenda that require such a report.
- Report on matters envisaged in article 116 bis of Act 24/1988 of 28 July, on the Securities Market.
- The text of the proposed resolutions submitted to the General Meeting of Shareholders for approval.
- Brief professional profile of the persons nominated for re-appointment or appointment as directors under item 3 of the agenda, and other information required under the Rules of the General Meeting.
- Report on the Board of Directors' Remuneration Policy.
- The 2009 corporate governance report of Fomento de Construcciones y Contratas, S.A.

All of the documents listed above can also be viewed or downloaded at the company's web site: [www.fcc.es](http://www.fcc.es)

Up to the seventh day prior to the scheduled meeting date, shareholders may request from the Board of Directors any information or clarification they require or submit any questions in writing regarding the items on the Agenda. Shareholders may also request information or clarification or submit questions in writing about the publicly-accessible information that has been filed by the Company with the Comisión Nacional del Mercado de Valores since the immediately preceding General Meeting, which was on 30 November 2009. For those purposes, shareholders may use the company's web site ([www.fcc.es](http://www.fcc.es)) or contact the Stock Market and Shareholder Relations Department (calle Federico Salmón, 13, 28016 Madrid. Telephone: 902 109 845. E-mail: [ir@fcc.es](mailto:ir@fcc.es)).

Barcelona, 22 April 2010.- The Chairman of the Board of Directors





*FCC will provide a free shuttle bus service to transport all interested shareholders to the site of the Meeting. Buses will leave from Calle Balmes, No. 36 (Barcelona) at 13h, 14h and 15h. The same shuttle service will be available upon completion of the meeting to take shareholders back to Calle Balmes 36.*





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

**Full text of the proposals laid by the Board of Directors before the Ordinary General Meeting on 27 May 2010**

**1. Examination and approval of the financial statements and directors' reports of Fomento de Construcciones y Contratas, S.A. and its consolidated group for 2009, as well as the Board of Directors' conduct of business in that year. (Item 1 of the Agenda)**

It is proposed: "To approve the financial statements and the directors' report of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and its consolidated group for 2009. Those documents have obtained a favourable report from the Audit and Control Committee and were audited by the Company's auditors."

It is also proposed: "To approve the Board of Directors' conduct of the company's business in 2009."

**2. Examination and approval of the proposed distribution of 2009 income.(Item 2 of the Agenda)**

It is proposed: "To approve the following proposal by the Board of Directors as to the application of the 2009 income of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., which amounts to a profit of 254,878,152.27 euro:

- At a meeting on 17 December 2009, the Board of Directors declared an interim dividend out of 2009 income amounting to 0.715 euro gross per share with dividend rights at the time of payment. There were 124,120,714 such shares; consequently, the total interim dividend distributed amounted to 88,746,310.51 euro.
- It is proposed now to pay a supplementary dividend of 0.715 euro per share with dividend rights at the time of payment.

From the foregoing amount, an amount of 0.13585 euro per share (19% of the gross amount of the supplementary dividend) will be withheld on account of personal or corporate income tax, as appropriate, leading to a net supplementary dividend of 0.57915 euro per share.

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

The supplementary dividend will be paid on 7 June next through the following banks: Banco Bilbao Vizcaya Argentaria (BBVA), Banco Santander (BS), Caja de Ahorros y Monte de Piedad de Madrid (Cajamadrid), Caja de Ahorros y Pensiones de Barcelona (La Caixa) and RB Dexia (Bancoval).

Additionally, in accordance with article 37 of the Articles of Incorporation, and following a favourable report by the Appointments and Remuneration Committee, it is proposed to approve the remuneration for the Company's Board of Directors for 2009, which amounts to 2,039,779 euro, equivalent to 0.66% of consolidated income attributable to Fomento de Construcciones y Contratas, S.A."





### **3. Appointment and re-appointment of directors (Item 3 of the Agenda)**

#### **3.1 Re-appointment of directors**

In anticipation of the forthcoming expiration of the term for which the directors were appointed, since they were appointed for a five-year term by the Shareholders' Meeting on 21 June 2005, it is proposed to re-appoint the directors listed in sections Three A through Three J, both inclusive:

##### **Three A: Reappointment of DOMINUM DIRECCIÓN Y GESTIÓN, S.A. as proprietary director.**

It is proposed "To re-appoint DOMINUM DIRECCIÓN Y GESTIÓN, S.A. as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

##### **Three B: Re-appointment of CARTERA DEVA, S.A. as proprietary director.**

It is proposed "To re-appoint CARTERA DEVA, S.A. as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

##### **Three C: Re-appointment of LARRANZA XXI, S.L. as proprietary director.**

It is proposed "To re-appoint LARRANZA XXI, S.L. as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

##### **Three D: Re-appointment of MR ROBERT PEUGEOT as proprietary director.**

It is proposed "To re-appoint MR ROBERT PEUGEOT as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

##### **Three E: Re-appointment of MR FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA as proprietary director.**

It is proposed "To re-appoint MR FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

##### **Three F: Re-appointment of MR MARCELINO OREJA AGUIRRE as proprietary director.**

It is proposed "To re-appoint MR MARCELINO OREJA AGUIRRE as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

##### **Three G: Re-appointment of MR JUAN CASTELLS MASANA as proprietary director.**

It is proposed "To re-appoint MR JUAN CASTELLS MASANA as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"





**Three H: Re-appointment of MR ANTONIO PÉREZ COLMENERO as proprietary director.**

It is proposed "To re-appoint MR ANTONIO PÉREZ COLMENERO as a proprietary member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

**Three I: Re-appointment of MR GONZALO ANES ALVAREZ DE CASTRILLÓN as independent director.**

It is proposed "To re-appoint MR GONZALO ANES ALVAREZ DE CASTRILLÓN as a proprietary member of the Board of Directors, at the proposal of the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

**Three J: Re-appointment of MR FELIPE BERNABÉ GARCÍA PEREZ as executive director.**

It is proposed "To re-appoint MR FELIPE BERNABÉ GARCÍA PEREZ as an executive member of the Board of Directors, based on a favourable report by the Appointments and Remuneration Committee, effective from the date of this General Meeting and for a term of five years"

**3.2 Appointment of directors.**

**Three K: Appointment of MR JAVIER RIBAS as independent director.**

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

Mr Javier Ribas was appointed to the Board by co-optation at the Board of Directors meeting on 27 January 2010; consequently, his term expires on the date of the Ordinary Meeting now convened.

**Three L: Appointment of MR HENRI PROGLIO as independent director.**

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

**Each paragraph (A, B, C, D, E, F, G, H, I, J, K and L) will be voted on separately.**

**4. Extension of the period granted to the Board of Directors by the General Meeting of Shareholders of 10 June 2009 to execute the resolution to reduce capital through amortisation of own shares that was adopted by that General Meeting. (Item 4 of the Agenda)**

It is proposed: "To extend, for one year from the date of this decision, the power granted to the Board of Directors by the Ordinary General Meeting of Shareholders of 10 June 2009, under item Seven.2 of the Agenda, to execute the resolution to reduce capital by 3,182,582 euro through amortisation of 3,182,582 own shares that was adopted by that General Meeting. The





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

**5. Renew authorisation to the Board of Directors, with the power to sub-delegate, to increase capital at one or more times in accordance with article 153.1.b) of Public Limited Companies Act and subject to the limits envisioned in that article.(Item 5 of the Agenda)**

It is proposed: "To renew the delegation to the Board of Directors of the power to increase the Company's capital on one or more occasions by at most 50% of the subscribed and paid-up capital on the date of this authorisation, i.e. the amount of SIXTY-THREE MILLION SIX HUNDRED AND FIFTY-ONE THOUSAND SIX HUNDRED AND FORTY-EIGHT EURO (€63,651,648).

Any capital increase decided upon must be carried out within at most five years from this date.

Such capital increase(s) may be implemented, with or without a share premium, either by increasing the par value of existing shares, subject to the requirements of the law, or by issuing new shares, common or preferred, with or without voting rights, or redeemable shares or any other permitted by Law, or several forms at the same time, the consideration for the new shares or the increase in the par value of existing shares being a monetary contribution, including the conversion of unrestricted reserves, it being possible to use both systems simultaneously provided that this is allowed by law.

The Board of Directors will have the power, by virtue of this delegation, to establish that, in the event of incomplete subscription, the capital will be increased only in the amount of the actual subscriptions, and to amend the article of the Articles of Incorporation concerning capital, once the increase has been agreed upon and implemented.

The amount available at any time within the aforementioned maximum amount will be considered to include the amount of any capital increases which are undertaken by the Board of Directors in order to cater for the conversion of bonds in exercise of the powers granted by the Company's General Meeting.

The Board of Directors is also hereby empowered to apply for listing of any new securities that may be issued on any Stock Exchange or regulated market, whether domestic or foreign, in the terms of the applicable legislation.

The Board of Directors is likewise empowered to delegate the powers conferred to it by virtue of this resolution to the Executive Commission.

Resolution six of the Ordinary General Meeting on 21 June 2005 (item 7 of the agenda) is also revoked in the amount not used by the Board prior to the date of adoption of this resolution."

**6. Delegate to the Board of Directors, with express powers to sub-delegate, the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature, secured or unsecured, amounting to at most five hundred million euro (€500,000,000). (Item 6 of the Agenda)**

It is proposed: "To delegate to the Board of Directors the power to issue, on one or more occasions, any fixed-income securities or debt instruments of a similar nature, secured or unsecured, in the following terms:

1. Securities to be issued. The securities referred to by this delegation may be debentures, bonds and other fixed-income securities or debt instruments of a similar nature, secured or unsecured, in any form permitted by law, including, without limitation, covered bonds,





commercial paper, preference shares or similar securities.

2. Period. The securities may be issued at one or more times and at any time within a maximum period of five (5) years from the date of adoption of this resolution.

3. Maximum amount of the delegation. The maximum amount of securities to be issued under this delegation will be five hundred million euro (€500,000,000) or its equivalent in another currency.

The outstanding balance of securities issued under the delegation will be counted for the purpose of the foregoing limit. Securities issued under the delegation contained in Decision Seven below will not count for these purposes.

It is hereby placed on record that, pursuant to article 111 bis of the Securities Market Act (Act 24/1988, of 28 July), the limit on the issuance of bonds and other debt securities established in article 282.1 of the Public Limited Companies Act does not apply in this case.

4. Scope of the delegation. The delegation under this decision will extend, as broadly as may be required by law, to the establishment of the specific features and characteristics of each issue. In particular, the powers of the Company's Board of Directors with respect to each issue include, but are not limited to, determining: the amount, within the aforementioned overall quantitative limits; the place of issuance (in Spain or elsewhere), the currency and, if in another country, the equivalent in euro; the name, i.e. bonds, debentures or any other name allowed by law; the date or dates of issue; the yield, and coupon dates and payment procedures; whether the securities are perpetual or amortisable and, in the latter case, the amortisation period and maturity date; the redemption rate, premiums and batches, and collateral, including mortgage collateral; the form of representation, whether by certificates or book entries; whether or not the issued securities are subordinated; the number of securities and their nominal value; the applicable legislation, whether of Spain or another country; whether to apply for listing in official or unofficial secondary markets, whether organised or otherwise, Spanish or otherwise, of the securities that are issued, subject to the requirements imposed by the applicable legislation in each case; and generally any other condition of the issue, as well as the appointment, if appropriate, of the head of the bondholders' syndicate, and approval of the basic rules governing legal relations between the Company and such syndicate, if created.

The delegation also empowers the Board of Directors to decide on the conditions of amortisation of the securities issued under this authorisation, and any of the methods provided for this purpose in the Public Limited Companies Act may be used. The Board of Directors is also empowered so that it may amend the terms and conditions of such securities, when it sees fit, and subject to obtaining any necessary authorisations and, where appropriate, the consent of the general meetings of the bondholders' syndicates for the securities issued under this authorisation.

5. Listing. Where appropriate, the Company will apply for listing on official and unofficial secondary markets, whether organized or not, domestic or foreign, of the securities issued by virtue of this delegation, and the Board of Directors is empowered to carry out such procedures and actions as may be necessary for listing before the competent authorities of the domestic or foreign securities markets.

6. Guarantee of fixed-income securities issued by group companies. The Company's Board of Directors is also empowered to guarantee, on the Company's behalf, within the foregoing limits, new issues of securities made by companies in its group during the period of validity of this decision.

7. Powers to sub-delegate and empower. The Board of Directors is empowered to delegate the powers conferred on it by virtue of this resolution to the Executive Commission, and to grant any necessary powers to make use of the powers so granted."

7. **Delegate to the Board of Directors, with express powers to sub-delegate, the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature which are convertible into, or give entitlement to subscribe for, Company shares or which are exchangeable or give entitlement to acquire shares of the Company or of other companies, amounting to at most three hundred million euro (€300,000,000).**





Delegate, with express powers to sub-delegate, the power to set criteria to determine the conditions and forms of conversion or the entitlement to subscribe shares of the Company, the power to increase capital in the amount necessary, and the power to override shareholders' pre-emptive subscription rights in accordance with provisions in article 293.3 of Public Limited Companies Act and other applicable regulations.

For the event that this power to issue securities is exercised, to approve a share buyback programme whose goal is to enable the Company to meet its obligations arising from having issued securities that give entitlement to acquire outstanding shares of the Company, or for the amortisation of shares in the event that securities are issued, while overriding the pre-emptive subscription rights, which are convertible or give entitlement to subscribe newly-issued shares, with a view to limiting dilution of existing shareholders in the event of conversion or subscription of shares.

For the event that this power to issue securities is exercised, to approve the reduction of the Company's capital by the amortisation of own shares by an amount equivalent to at most the combined nominal value of the new shares of the Company that are issued to cater for requests for conversion or subscription by the holders of securities of these characteristics that were issued overriding the pre-emptive subscription rights. To delegate powers to execute this resolution to the Board of Directors, including powers to sub-delegate. (Item 7 of the Agenda)

It is proposed: "In accordance with the directors' report, which has been at the shareholders' disposal since notice was given of the Meeting of Shareholders:

A.- To grant powers to issue fixed-income securities or analogous debt instruments that are exchangeable, convertible or similar.

Delegate to the Company's Board of Directors the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature which are convertible or give entitlement to subscribe Company shares or which are exchangeable or give entitlement to acquire shares of the Company or of other companies, in the following conditions:

1. Securities to be issued. The securities to which this delegation refers may be debentures, bonds and other fixed-income securities or debt instruments of a similar nature, in any form permitted by law, including but not limited to, covered bonds, commercial paper, preference shares, warrants or similar securities that directly or indirectly give entitlement to acquire outstanding shares of the Company or of other companies inside or outside the Company's group, which can be settled by physical delivery or by differences. This delegation also applies to fixed-income securities and warrants that are convertible into, or give entitlement to subscribe for, newly-issued shares of the Company. Nevertheless, where the Board of Directors makes use of this power in connection with securities that are convertible or give entitlement to subscribe for newly-issued shares of the Company, overriding the pre-emptive right, it must execute the share buyback and capital reduction programme set out below in section B of this resolution, in the terms and conditions stipulated there.

2. Period. The securities may be issued at one or more times and at any time within a maximum period of five (5) years from the date of adoption of this resolution.

3. Maximum amount of the delegation. The maximum amount of securities to be issued under this delegation will be three hundred million euro (€300,000,000) or its equivalent in another currency.

For the purposes of calculating the foregoing limit, in the case of warrants, the sum of the premiums and strike price of each issue of warrants approved under this delegation will be taken into account. The outstanding balance of fixed-income securities issued under this



delegation will be considered for the purposes of that limit. Securities issued under the delegation contained in Decision Six above will not count for these purposes.

It is hereby placed on record that, pursuant to article 111 bis of the Securities Market Act (Act 24/1988, of 28 July), the limit on the issuance of bonds and other debt securities established in article 282.1 of the Public Limited Companies Act does not apply in this case.

4. Scope of the delegation. The delegation under this decision will extend, as broadly as may be required by law, to the establishment of the specific features and characteristics of each issue. In particular, the powers of the Company's Board of Directors with respect to each issue include, but are not limited to, determining: the amount, within the aforementioned overall quantitative limits; the place of issuance (in Spain or elsewhere), the currency and, if in another country, the equivalent in euro; the name, i.e. bonds, debentures or any other name allowed by law; the date or dates of issue; whether the securities are convertible or exchangeable, with the possibility of total or partial conversion or exchange, and, in the case of exchangeable securities, whether for pre-existing shares of any type of the Company or of other companies in or outside the Company's group, and whether conversion or exchange is mandatory or voluntary, and, in the latter case, whether at the election of the security-holder or of the Company, or whether it includes a call option or warrant on such shares; the yield, and coupon dates and payment procedures; whether the securities are perpetual or amortisable and, in the latter case, the amortisation period and maturity date; the redemption rate, premiums and batches, and collateral, including mortgage collateral; the form of representation, whether by certificates or book entries; whether or not the issued securities are subordinated; the number of securities and their nominal value; the applicable legislation, whether of Spain or another country; whether to apply for listing in official or unofficial secondary markets, whether organised or otherwise, Spanish or otherwise, of the securities that are issued, subject to the requirements imposed by the applicable legislation in each case; and generally any other condition of the issue, as well as the appointment, if appropriate, of the head of the bondholders' syndicate, and approval of the basic rules governing legal relations between the Company and such syndicate, if created.

The delegation also empowers the Board of Directors to decide on the conditions of amortisation of the securities issued under this authorisation, and any of the methods provided for this purpose in the Public Limited Companies Act may be used. The Board of Directors is also empowered so that it may amend the terms and conditions of such securities when it sees fit, and subject to obtaining any necessary authorisations and, where appropriate, the consent of the general meetings of the bondholders' syndicates for the securities issued under this authorisation.

5. Conversion terms and conditions. In the case of the issuance of fixed-income securities that are convertible into shares of the Company, in accordance with the preceding sections, to establish the following rules for setting the terms and conditions of conversion:

(i) The securities issued in accordance with this decision may be convertible, wholly or partly, into newly-issued shares of the Company, ordinary or of any other type, in accordance with a conversion rate that is fixed (determined or to be determined) or variable, the Board of Directors being empowered to determine whether conversion is mandatory or voluntary and, if voluntary, whether at the option of the holders or of the Company, with the frequency and during the time period that is established in the issuance decision, which may not be more than twenty (20) years from date of issuance.

(ii) For conversion purposes, fixed-income securities will be valued at their nominal amount, and may or may not include interest accrued and outstanding at the conversion date.

(iii) In the case of issues with fixed conversion rates, shares will be valued for conversion purposes at the fixed rate determined in the Board of Directors decision made by use of this delegation or at the rate to be determined on the date(s) indicated in the Board of Directors decision and, as appropriate, on the basis of the trading price in the Spanish Stock Exchanges in the period to be determined by the Board of Directors, at a discount or otherwise.

(iv) It is also possible to decide to issue convertible fixed-income securities with a variable conversion rate. In this case, the price of the shares for conversion purposes will be the arithmetic mean of the closing prices of the Company's shares on the Spanish Stock Exchanges in a period to be determined by the Board of Directors.

(v) The Board may establish that the Company reserves the right to choose, at any time, between conversion into newly-issued shares or exchange for existing shares of the Company, determining the nature of the shares to be delivered at the time of conversion or exchange, and that it may also choose to deliver a combination of newly-issued and existing shares, while always granting equal treatment to all holders of securities that convert on the same date. The Company may also choose to pay an amount in cash partly or wholly instead of its obligation to deliver shares.

(vi) On conversion, any fractions of shares to be delivered to the holder of the securities will be rounded down in the form to be determined by the Board of Directors and each holder may receive, if the Board of Directors so decides, any surplus resulting from rounding down in cash.

(vii) In no event may the value of the share, for the purposes of the conversion of securities into shares, be less than its par value. Additionally, in accordance with the provisions of article 292.3 of the Public Limited Companies Act, convertible fixed-income securities may not be issued for less than their nominal value nor converted into shares when the nominal value of the fixed-income securities is less than that of the shares.

(viii) When approving an issue of convertible securities within the scope of the authorisation from the Shareholders' Meeting, the Board of Directors must issue a report to elaborate upon and determine, in light of the criteria described above, the specific conditions and modes of conversion applicable to each issue, which must be accompanied by a report from an auditor other than the Company's auditor, as provided in article 292.2 of the Public Limited Companies Act.

6. Overriding the pre-emptive subscription right, and capital increase. The delegation to the Board of Directors that is envisaged here with respect to the issuance of fixed-income securities that are convertible into shares includes, but is not limited to, the following powers:

(i) The power as provided by article 159.2 of the Spanish Corporations Law for the Board of Directors to override, either fully or partially, the shareholders' pre-emptive subscription right when necessary to raise funds in the international markets, to use demand prospecting techniques or when it is in the Company's interests in any other way. In any case, if the Board decides to override the pre-emptive subscription right in relation to a specific issue of convertible securities that it decides to make under this authorisation, it must, at the time of approving the issue and in accordance with the provisions Article 293.3 of the Public Limited Companies Act, issue a report detailing the specific reasons in connection with the Company's interests that justify the measure, which must be accompanied by a report by an auditor other than that of the Company, as referred to in that Article. Those reports will be made available to shareholders and disclosed to the first Shareholders' Meeting held after the issue decision is adopted.

(ii) In accordance with article 153.1.b) of the Public Limited Companies Act, the power to increase capital at one or more times in the amount needed to meet requests for conversion of convertible securities issued in accordance with this delegation. This power may only be exercised where those capital increases, plus any other capital increases that may be performed by the Board of Directors under other delegations to increase capital, do not exceed one-half of capital stock, as envisaged in article 153.1.b) of the Public Limited Companies Act, at the time of this authorisation. This authorisation to increase capital includes the power to issue and circulate, at one or more times, the shares necessary to cater for the conversion, as well as the power, in accordance with article 153.2 of the Public Limited Companies Act, to redraft the article in the Articles of Incorporation relating to the share capital figure and, if necessary, the power to cancel any part of that capital increase that is not necessary for the conversion into shares. In accordance with the provisions of article 159.4 of the Public Limited Companies Act, the Company's shareholders will not have pre-emptive subscription rights in the capital increases performed by the Board of Directors to cater for requests for conversion.

The Board of Directors is also hereby empowered to apply for listing of any new shares that may be issued on any Stock Exchange or regulated market, whether domestic or foreign, in the terms of the applicable legislation.

(iii) The power to elaborate upon and specify the rules and forms of conversion, taking into account the criteria set out in section 5 above and, in general and in the broadest terms, to



determine such terms and conditions as may be necessary or advisable for the issue. At subsequent General Meetings of Shareholders, the Board of Directors must inform shareholders of any use which has been made up to that point of the powers to issue fixed-income securities convertible into shares of the Company.

7. Warrants: The rules set out in sections 5 and 6 above will apply, *mutatis mutandis*, to the issuance of warrants or similar securities which give direct or indirect entitlement to subscribe for newly-issued shares of the Company, and this delegation carries the broadest powers, with the same scope of the preceding paragraphs, to decide what is considered most appropriate in relation to that class of securities.

8. Listing of securities. Where appropriate, the Company will apply for listing on official and unofficial secondary markets, whether organized or otherwise, domestic or foreign, of the securities issued by virtue of this delegation, and the Board of Directors is empowered to carry out such procedures and actions as may be necessary before the competent authorities of the domestic or foreign securities markets to attain listing.

9. Powers to sub-delegate and empower. The Board of Directors is empowered to delegate the powers conferred to it by virtue of this resolution to the Executive Commission, and to grant the pertinent powers for performance of the delegated functions.

Resolution ten of the Ordinary General Meeting on 18 June 2008 is hereby revoked in the amount not used by the Board prior to the date of adoption of this resolution.

#### B.- Share buyback programme and capital reduction

Under the provisions of Article 3 *et seq.* of Commission Regulation (EC) No 2273/2003 of 22 December, to approve a programme to repurchase shares of the Company whose sole purpose is (i) to meet obligations to deliver shares that arise from the issuance of securities giving entitlement to acquire outstanding shares, or to amortise them in order to limit the dilution of the pre-existing shareholders in case of issuance, while overriding the pre-emptive subscription right, of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, that may be adopted by the Board of Directors of the Company under the provisions of paragraph A above of this Decision for a maximum of three hundred million euro (€ 300,000,000) (the "Securities"), and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes that have not been completed), which will be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders.

The Company is authorised so that, directly or via any of its subsidiaries, within a period of at most five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit while executing the approved share buyback programme, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching articles of the Consolidated Text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed the legal limits.
- The shares acquired must have been fully paid.
- The acquisition price may not be less than the par value nor more than 20 per cent higher than the market price.

The shares acquired under the buyback programme will be used by the Company to fulfil its obligations to deliver existing shares that arise from the issuance of the Securities or, as the case may be, to reduce the Company's capital so as to limit the dilution of pre-existing shareholders in the event of exercise of the power attached to the Securities to convert into or subscribe for newly-issued shares of the Company.

This decision does not eliminate or alter the terms and conditions of previous share buyback programmes approved by the Company or the corresponding authorisations for the acquisition of treasury shares in the market, which will remain in force. This share buyback programme is held to be compatible with the preceding programmes. Nevertheless, this programme may only be implemented insofar as it does not hinder the full execution of preceding share buyback programmes or, consequently, the achievement of the goals for which such programmes were



approved.

It was also resolved to reduce capital through the amortisation of the corresponding number of own shares of the Company which have been acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes as provided in the preceding sections) by a nominal amount equal to the par value of those shares in treasury stock, up to a maximum equivalent to the combined par value of the new shares of the Company to be issued in implementation of Section A above to cater for requests from the holders of the Securities to convert into, or subscribe for, new shares. The capital reduction here approved will be effected by amortising the corresponding number of own shares of the Company and will be charged against voluntary reserves; a reserve for amortised capital will be appropriated for the par value of the amortised shares, which may only be used subject to the same requirements as for a capital reduction, by application of article 167.3 of the Consolidated Text of the Public Limited Companies Act. Consequently, in accordance with the provisions of that article, the Company's creditors will not have the right of opposition provided by article 166 of the Consolidated Text of the Public Limited Companies Act as a result of the capital reduction that is approved.

The reduction will not entail the refund of contributions to shareholders as the amortised shares are owned by the company itself. Therefore, the purpose of the reduction will be to amortise own shares.

The capital reduction here decided will be performed at one or several times during the term of the Company's share buyback programme, immediately after each execution of the decision adopted by the Company to increase capital so as to fulfil the obligations arising from requests to convert into, or subscribe for, shares of the Company through the delivery of newly-issued shares.

This decision does not override or alter the terms or conditions of preceding capital reduction decisions adopted by the Company that are still in force.

It also resolved to delegate to the Board of Directors, with express powers to sub-delegate in the Executive Committee, to implement this resolution as regards both the share buyback programme and the capital reduction. The latter must be executed at one or several times during the term of the Company's share buyback programme, immediately after each execution of the decision adopted by the Company to increase capital so as to fulfil the obligations arising from exchange or subscription requests from holders of the Securities for the delivery of newly-issued shares, performing such proceedings, processes and authorisations as may be necessary or required by the Consolidated Public Limited Companies Act and other applicable legislation and, in particular, it is empowered so that, within the period and limits set out for such execution, it may establish the date(s) of the specific capital reduction(s) on the occasion of exercise of the power attaching to the Securities to convert into or subscribe for newly-issued shares, to state the amount of the reduction, in accordance with the terms approved above, and to amend Article 5 of the Articles of Incorporation to the new amount of capital; to request delisting of the amortised shares and, generally, to adopt such decisions as may be necessary for the purposes of such amortisation and the consequent capital reduction, designating the persons to participate in formalising them."

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

It is proposed: "To re-appoint, as auditor of the Company and of its consolidated group for 2011, following a favourable report from the Audit and Control Committee, DELOITTE, S.L., with registered office in Madrid, Plaza Pablo Ruiz Picasso 1, registered in the Madrid Mercantile Register, volume 13,650, sheet 188, section 8, page M-54414, and registered in ROAC under no. S-0692 and with company tax number B79104469."



**9. Broad empowerment of the directors to implement, notarise, register, rectify and execute the adopted resolutions. (Item 9 of the Agenda)**

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

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

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





## **REPORT TO SHAREHOLDERS ON THE DIRECTORS' DECLARATION OF LIABILITY FOR THE CONTENT OF THE FINANCIAL STATEMENTS FOR BOTH THE COMPANY AND THE CONSOLIDATED GROUP.**

This report is issued in accordance with article 8.1.b) of Royal Decree 1362/2007 of 19 October, which implements Act 24/1988 of 28 July on the Securities Market, regarding transparency requirements in relation to information on issuers whose securities are listed on an official secondary market or on another regulated market in the European Union, which establishes the following:

*"Declarations of liability for their content, which must be signed by directors, clearly identifying their names and posts, stating that, to the best of their knowledge and belief, the financial statements drafted in accordance with the applicable accounting standards provide a true and fair view of the net worth, financial position and results of the issuer and of the companies in its consolidation scope taken as a whole, and that the directors' report contains an accurate analysis of the evolution, business results and position of the issuer and of the companies in its consolidation scope taken as a whole, together with a description of the main risks and uncertainties which they face."*

All members of the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. have signed the Financial Statements and the Directors' Report of the Parent Company and the Consolidated Group for the year ended on 31 December 2009, which contain the following statement:

"In accordance with Royal Decree 1362/2007 of 19 October (art. 8.1.b), the undersigned Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. make the following declaration of liability:

To the best of their knowledge and belief, the financial statements drafted in accordance with the applicable accounting standards provide a true and fair view of the net worth, financial position and results of the issuer and of the companies in its consolidation scope taken as a whole, and the directors' report contains an accurate analysis of the evolution, business results and position of the issuer and of the companies in its consolidation scope taken as a whole, together with a description of the main risks and uncertainties which they face."

Additionally, the Directors also set out their declaration of liability in resolution no. 4 in the minutes of the Board of Directors meeting held on 25 February 2010, with the following wording:

"[...]"

Additionally, by application of article 8.1.b) of Royal Decree 1362/2007, of 19 October 2007, implementing the Securities Market Act (Act 24/1998, of 28 July), with respect to the transparency requirements for the regulated disclosures of listed issuers, each and every one of the Board members must make a declaration of liability with respect to the financial statements to the effect that, to the best of their knowledge and belief, the financial statements drafted in accordance with the applicable accounting standards provide a true





and fair view of the net worth, financial position and results of the issuer and of the companies in its consolidation scope taken as a whole, and that the directors' report contains an accurate analysis of the evolution, business results and position of the issuer and of the companies in its consolidation scope taken as a whole, together with a description of the main risks and uncertainties which they face."

[...]

All the members of the Board who were present at the meeting stated, in accordance with article 10 of the Rules of the Board of Directors, that before signing the authorisation of the financial statements they had access to the report drafted by the Audit and Control Committee and, generally, to the information needed for such authorisation and for the mandatory declaration of liability, and they unanimously adopted the following resolution to authorise the parent company and consolidated financial statements for 2009:

**"Declare that each and every one of the members of the Board accepts liability for the content of the financial statements in that, to the best of their knowledge and belief, the financial statements drafted in accordance with the applicable accounting standards provide a true and fair view of the net worth, financial position and results of the issuer and of the companies in its consolidation scope taken as a whole, and that the directors' report contains an accurate analysis of the evolution, business results and position of the issuer and of the companies in its consolidation scope taken as a whole, together with a description of the main risks and uncertainties which they face."**

With the foregoing, the Board of Directors has complied with the obligation established in article 8.1.b) of Royal Decree 1362/2007, of 19 October.





### **BRIEF PROFESSIONAL PROFILE OF THE DIRECTORS (ITEM 3 OF THE AGENDA)**

In accordance with art. 6 of the Rules of the General Meeting of Shareholders with regard to proposals for the re-appointment of Directors, shareholders must be provided with their professional profile and: (i) biographical profile; (ii) other Boards of Directors to which they belong, both listed and unlisted companies; (iii) indication of the category of director to which they belong, specifying, in the case of proprietary directors, the shareholder at whose request the re-appointment has been proposed, or with whom they have ties; (iv) date of first appointment as a director of the Company, and date of their subsequent appointments; (v) Company shares and share options which they possess.

#### **Three A: Re-appointment of DOMINUM DIRECCIÓN Y GESTIÓN, S.A. as proprietary director.**

##### **DOMINUM DIRECCIÓN Y GESTIÓN, S.A.**

###### **(i) Biographical profile:**

Below is transcribed the professional profile of Ms Carmen Alcocer Koplowitz, the natural person currently representing this director:

Law degree from San Francisco de Vitoria University in Madrid. She is a member of the Strategy Committee and Appointments and Remuneration Committee of FCC, S.A. and a trustee of the Esther Koplowitz Foundation.

###### **(ii) Directorships held in other companies, listed or otherwise;**

Ms Carmen Alcocer Koplowitz is a member of the Board of Directors of Cementos Portland Valderrivas, S.A., representing director Meliloto, S.L.

###### **(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

###### **(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 26-10-2004

Date of latest appointment: 21-06-2005

###### **(v) FCC shares and stock options owned by DOMINUM DIRECCIÓN Y GESTIÓN, S.A.:**

No. shares: 10





### **Three B: Re-appointment of CARTERA DEVA, S.A. as proprietary director.**

#### **CARTERA DEVA, S.A.**

##### **(i) Biographical profile:**

Below is transcribed the professional profile of Mr Jaime Llantada Aguinaga, the natural person currently representing this director:

Born in Bilbao in 1958, he holds a degree in law. He has been a member of the Board of Directors of Bankoa (formerly Banco Industrial de Guipuzcoa) since 1991, and was Chairman from 1993 to 1997, when the company was acquired by the Crédit Agricole Group; he is currently Vice-Chairman and member of the Executive Committee.

##### **(ii) Directorships held in other companies, listed or otherwise;**

He has been Chairman of the Board of Directors of Industrias Aragonesas del Aluminio, S.A. since 1992. He is a member of the Board of Directors of Cartera Deva, S.A., the Aguinaga-Llantada family holding company, which has interests in real estate and finance. He is a member of the Board of Directors of Sandamendi Inversiones, S.L., the Llantada family holding company, which has interests in aluminium, real estate and finance. He has been a member of the Board of Directors of Cementos Portland Valderrivas, S.A. since May 2005, representing Cartera Deva, S.A.

##### **(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

##### **(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 15-09-2004

Date of latest appointment: 21-06-2005

##### **(v) FCC shares and stock options owned by CARTERA DEVA, S.A.**

No. shares: 100

### **Three C: Re-appointment of LARRANZA XXI, S.L. as proprietary director.**

#### **LARRANZA XXI, S.L.**

##### **(i) Biographical profile:**

Below is transcribed the professional profile of Ms Lourdes Martínez Zabala, the natural person currently representing this director:

Law degree from Deusto University. MBA from IE Business School in Madrid. Master in Finance from Deusto University. CFO and General Manager of Grupo Faustino Martínez, S.A.





**(ii) Directorships held in other companies, listed or otherwise:**

Director of Bodegas Faustino Martínez, S.A. and member of the Board's Standing Committee. She is also a director of Bodegas Faustino, Falcon I, Falcon II, Sotalcam and AB Real Estate.

**(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

**(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 13-01-2005

Date of latest appointment: 21-06-2005

**(v) FCC shares and stock options owned by LARRANZA XXI, S.L.**

No. shares: 10

**Three D: Re-appointment of MR ROBERT PEUGEOT as proprietary director.**

**Mr ROBERT PEUGEOT**

**(i) Biographical profile:**

Studied engineering at École Centrale (Paris) and completed his education at INSEAD. His career has been as an engineer in a number of technical areas at Automobiles Peugeot, Automobiles Citroën and PSA Peugeot Citroën, in France, and in the following positions: Head of the Planning Department at Peugeot-Citroën in Johannesburg (South Africa), Head of Planning and Programmes, Mechanical Component Plant Manager and Vice-Chairman of Automobiles Citroën (France), General Manager of Peugeot Talbot Motor Company (UK), and Vice-Chairman and Member of the Executive Committee of PSA Peugeot Citroën.

**(ii) Directorships held in other companies, listed or otherwise:**

He is Chairman and CEO Société Foncière, Financière et de Participations (FFP) and member of the Oversight Committee at PSA Peugeot Citroën in representation of FFP. He is a director of FCC Construcción, S.A., B 1998, S.L., Waste Recycling Group, and Simante, S.L. and is a member of the Supervisory Board at Alpine Holding GmbH.

**(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

**(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 15-09-2004

Date of latest appointment: 21-06-2005





**(v) FCC shares and stock options owned by Mr ROBERT PEUGEOT:**

No. shares: 10

**Three E: Re-appointment of MR FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA as proprietary director.**

**Mr FERNANDO FALCÓ Y FERNÁNDEZ DE CÓRDOVA**

**(i) Biographical profile:**

He studied law at Deusto University and Valladolid University, where he graduated. He is a member of the Regional Board of Asepeyo. He was Chairman of CEA (Confederación Española de Automoción) from its foundation in 1993. Member of the Higher Council for Traffic and Road Safety (Spain's Interior Ministry) and of the Urban Mobility Board (Madrid City Government), member of the organising committee of the Barcelona International MotorShow. Connected with the automobile industry since he was young, he is former Chairman of Real Automóvil Club de España (RACE), Vice-Chairman of the FIA's World Council for Automobile, Mobility and Tourism (WCAMT), Chairman of the International Touring Alliance (AIT), Chairman of the organising committee in the first two editions of the Madrid International Auto Show, and member of numerous Boards of Directors. He has received numerous distinctions, such as being named "Illustrious Person of the Spanish Automobile Industry" for his contribution to motoring in Spain, granted by Asociación Española de Profesionales de Automoción (ASEPA). He holds the title of Marquess of Cubas.

**(ii) Directorships held in other companies, listed or otherwise:**

Director of Realia Business, S.A. (and member of its Audit Committee), director of FCC Construcción, S.A., Waste Recycling Group Limited, and member of the Supervisory Board of Vivendi.

**(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

**(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 18-12-2003

Date of latest appointment: 21-06-2005

**(v) FCC shares and stock options owned by Mr FERNANDO FALCÓ Y FERNANDEZ DE CORDOVA**

No. shares: 8,390





**Three F: Re-appointment of MR MARCELINO OREJA AGUIRRE as proprietary director.**

**Mr MARCELINO OREJA AGUIRRE**

**(i) Biographical profile:**

Obtained a PhD cum laude in law from the University of Madrid. He entered the diplomatic corps at the top of his class. He is a numerary member and currently President of the Royal Academy of Moral and Political Sciences. He chairs the Institute of European Studies at the University of San Pablo-CEU, and is a former Chairman of FCC, S.A., Minister of Foreign Affairs for Spain, Chairman of the Council of Europe and European Commissioner. He has had an intense political career and is also a member of numerous boards of directors. He has received a number of civil awards, including the Orders of Carlos III, Isabel la Católica, and Alfonso X el Sabio. He holds the title of Marquess of Oreja.

**(ii) Directorships held in other companies, listed or otherwise:**

He is a director of Barclays.

**(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

**(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 21-12-1999

Date of latest appointment: 21-06-2005

**(v) FCC shares and stock options owned by Mr MARCELINO OREJA AGUIRRE**

No. shares: 14,000

**Three G: Re-appointment of MR JUAN CASTELLS MASANA as proprietary director.**

**Mr JUAN CASTELLS MASANA**

**(i) Biographical profile:**

He holds degrees in Economics and Law from Barcelona University. He also qualified as an accountant at the Barcelona Professional School of Commerce and is an auditor and member of the Instituto de Censores Jurados de Cuentas de España. He also completed the Programa de Desarrollo a la Alta Dirección de Empresas at IESE.

He has held the following positions within FCC: Joined FCC as Deputy CFO in 1966 and held that position until 1975; he was Head of Real Estate from 1975 to 1978, and General Secretary from 1979 to 2003. He is a former member of the boards of directors of Uniseguros and Prosegur Contratas.





**(ii) Directorships held in other companies, listed or otherwise:**

He is a director of B1998, S.L., Cementos Portland Valderrivas, S.A. and Waste Recycling Group (UK).

**(iii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

**(iv) Date of first and subsequent appointments as a company director:**

Date of first appointment: 21-06-2000

Date of latest appointment: 21-06-2005

**(v) FCC shares and stock options owned by Mr JUAN CASTELLS MASANA**

No. shares:

- Direct: 17,509
- Indirect: 8,100

**Three H: Re-appointment of MR ANTONIO PÉREZ COLMENERO as proprietary director.**

**Mr ANTONIO PÉREZ COLMENERO**

**(i) Biographical profile:**

He was General Manager of Human Resources and Means at FCC, S.A. until May 2009. He was a member of the founding committee of AECOM (Asociación de Empresas de la Construcción de Madrid), CNC (Confederación Nacional de la Construcción de Madrid) and CEIM (Confederación Empresarial Industrial de Madrid).

**(ii) Indication of the director's classification; in the case of proprietary directors, stating the shareholder they represent or with which they have ties:**

Proprietary director.

Shareholder proposing their re-appointment or to which they have ties: B 1998, S.L.

**(iii) Date of first and subsequent appointments as a company director:**

Date of first appointment: 30-03-2005

Date of latest appointment: 21-06-2005

**(iv) FCC shares and stock options owned by Mr ANTONIO PÉREZ COLMENERO**

No. shares: 35,323

Stock options: 72,500





**Three I: Re-appointment of MR GONZALO ANES Y ALVAREZ DE CASTRILLÓN as independent director.**

**MR GONZALO ANES Y ÁLVAREZ DE CASTRILLÓN**

**(i) Biographical profile:**

He has a PhD in Economics from the University of Madrid. He is a Professor of History and Economic Institutions in the Faculty of Economics of Madrid Complutense University. He is a numerary member of the Royal Academy of History and has been its Director since 1998. He has also been a member of the Board of Trustees of the Prado Museum since 1982, of which he was Chairman from 1986 to 1990, and he has been a director at the Bank of Spain and Repsol-YPF. He holds the title of Marquess de Castrillón.

**(ii) Date of first and subsequent appointments as a company director:**

Date of first appointment: 30-06-1991

Date of latest appointment: 21-06-2005

**(iii) FCC shares and stock options owned by Mr GONZALO ANES Y ALVAREZ DE CASTRILLÓN**

No. shares: 11,350

**Three J: Re-appointment of MR FELIPE BERNABÉ GARCÍA PÉREZ as executive director.**

**Mr FELIPE BERNABÉ GARCÍA PEREZ**

**(i) Biographical profile:**

He has a law degree from the University of Deusto, and a degree in Business Studies from ICADE. He holds a Diploma in EU, Company and Tax Law. He has been General Secretary of the FCC Group and Secretary of its Management Committee since 2004. He was formerly Secretary of the Board, Secretary and Member of the Executive Committee, and Legal Counsel for the FCC Group. He has held management positions at a number of industrial companies connected with the former Banco de Vizcaya.

**(ii) Directorships held in other companies, listed or otherwise:**

He is a director and secretary of FCC Energía, S.A.

**(iii) Date of first and subsequent appointments as a company director:**

Date of first appointment: 30-03-1999

Date of latest appointment: 21-06-2005

**(iv) FCC shares and stock options owned by Mr FELIPE B. GARCÍA PEREZ**

Number of shares: 55,571

Stock options: 72,500





### **Three K: Appointment of MR JAVIER RIBAS as independent director.**

#### **Mr JAVIER RIBAS**

##### **(i) Biographical profile:**

He holds a PhD in Industrial Engineering, a Degree in Economics and a Diploma in Operational Research from the French Petroleum Institute (Paris). He is an independent director of FCC and a member of its Strategy Committee.

He was formerly an Engineer at Compañía Francesa de Petróleo; Head of Research at ESSO France; Head of the Industrial Sector for Liga Financiera de Madrid; he has been Deputy General Manager of Electronic Data Systems (EDS) Spain since 1995. He was formerly a director of TELSON (Televisión y Sonido, S.A. 1975-1980) and Hidrocantábrico, S.A. (1980-1994).

##### **(ii) Directorships held in other companies, listed or otherwise:**

He is Executive Vice-Chairman of Electronic Data Systems (EDS)-Spain. He is a director of SA DAMM (since 1994) and INFORSISTEM, S.A. (since 2008).

##### **(iii) Date of first and subsequent appointments as a company director:**

Date of first appointment: 11-06-2009

Date of latest appointment: 11-06-2009

##### **(iv) FCC shares and stock options owned by Mr JAVIER RIBAS**

Number of shares: 8,000

### **Three L: Appointment of MR HENRI PROGLIO as independent director.**

#### **Mr HENRI PROGLIO**

##### **(i) Biographical profile:**

He graduated from École des Hautes Études Commerciales de Paris and, since November 2009, is Chairman and General Manager of Électricité de France, S.A.

Up to that date, he was Chairman and General Manager of Veolia Environnement; since then, he has been Chairman of the Board of Directors but without executive functions.

He was formerly Chairman of the Supervisory Board of Eolfi, and director of Siram, SARP and Société des Eaux de Marseille.

He is a member of France's Senior Committee for Nuclear Safety Transparency and Information. He is co-Chairman of Foro Hispano-Francés.

He is a Commander of the National Order of Merit of the Legion of Honour





**(ii) Directorships held in other companies, listed or otherwise:**

Director of Dassault Aviation, Natixis and CNP Assurances. Member of France's Atomic Energy Board. Member of the Supervisory Board of Veolia Agua.





**INFORMATION IN CONNECTION WITH ITEM 4 ON THE AGENDA FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (THE "COMPANY" OR "FCC") TO BE HELD ON 27 MAY 2010 AT FIRST CALL AND ON 28 MAY 2010 AT SECOND CALL**

The Agenda for the Ordinary General Meeting of Shareholders of Fomento de Construcciones y Contratas, S.A. (the "Company"), convened for 27 and 28 May 2010 at first and second call, respectively, includes, in item 4, a proposal to extend the power granted to the Board of Directors by the Ordinary General Meeting on 10 June 2009 to execute the decision to reduce capital through amortisation of own shares that was adopted by that General Meeting.

The Ordinary General Meeting of Shareholders on 10 June 2009, in decision seven, resolved firstly to reduce capital by 3,182,582 euro through amortisation of 3,182,582 own shares and, secondly, to empower the Board of Directors so that, within a period of one year from the date of the decision, it might, if it considered it appropriate in the Company's interests, execute the aforementioned capital reduction.

In compliance with the provisions of decision 7.2 of the Ordinary General Meeting of Shareholders on 10 June 2009, the Board of Directors reports that it did not see fit, in the Company's interests, to execute the capital reduction in that period since market conditions were not suitable.

Insofar as such conditions may vary in the future, and in order to give the Board of Directors the necessary flexibility to execute the capital reduction decision adopted by the Ordinary General Meeting of Shareholders on 10 June 2009, it is proposed to extend by one year, from the date of this decision, decision 7.2 of the Ordinary General Meeting of Shareholders on 10 June 2009.

The Board of Directors consider this extension is part of the shareholder remuneration policy established by the Company, one component of which can be a reduction of capital by an amount equivalent to the nominal value of certain own shares, by amortising them, thereby increasing the earnings per share of the remaining shares.

The capital reduction, if finally performed by the Board of Directors in the terms set out in the capital reduction decision adopted by the General Meeting on 10 June 2009, will not involve the refund of shareholders' contributions since the shares to which the capital reduction refers will be owned by the Company. Therefore, the only purpose of the reduction will be to amortise own shares.

Once the resolution to reduce capital has been adopted and implemented, article 5 of the Company's Articles of Incorporation will be amended to reflect the new figure and the new number of outstanding shares; the new text will read:

*"Article 5. Share capital*

*The share capital is ONE HUNDRED TWENTY-FOUR MILLION, ONE HUNDRED TWENTY THOUSAND, SEVEN HUNDRED FOURTEEN (124,120,714) euro, represented by one hundred twenty-four million, one hundred twenty thousand, seven hundred fourteen (124,120,714) shares with a par value of one euro each. The shares are fully subscribed and paid up."*

Madrid, 21 April 2010





## **REPORT BY THE BOARD OF DIRECTORS FOR THE RENEWAL OF AUTHORISATION TO INCREASE CAPITAL (ITEM 5 ON THE AGENDA)**

### **1. Purpose of the report**

This report was drafted by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, SA (hereinafter the "**Company**" or "**FCC**") by virtue of the obligation established by Article 144 of the Public Corporations Act in relation with Articles 152 and 153.1.b) of that Act.

In accordance with Article 153.1.b) of the Public Corporations Act, the General Meeting of Shareholders may, subject to the same requirements as for amending the Articles of Incorporation, delegate to the Board of Directors the power to decide to increase capital at one or more times to a specified figure, at such time and in such amount as the Board may decide, without the need to consult first with the General Meeting. Such capital increase(s) may not exceed one-half the capital and must be for monetary consideration, within at most FIVE (5) years, with reference to the date of authorisation in both cases.

This report, which also contains the full text of the proposal, and is drafted pursuant to the aforementioned legal obligation under Articles 144, 152, and 153.1.b) of the Public Corporations Act, is placed at the disposal of the shareholders as provided in those articles.

### **2. Justification for the proposal**

The dynamics of any commercial company, and particularly of listed companies, require that their governing bodies have available to them at all times the most suitable instruments to enable them to respond appropriately to the demands of either the Company itself or the market. This may include providing the Company with new financial resources to meet such demands, which may be obtained in the form of new capital contributions.

Taking into account also the current situation of the global economy and the high volatility of the markets, speed of execution takes on special importance and becomes a determining factor for the successful raising of additional funds.

To avoid difficulties such as being unable to forecast the need to increase share capital and having to call a Shareholders' Meeting for this purpose, with the expense and delay that this would involve, thereby hampering an agile and efficient response, Article 153.1.b) of the Public Corporations Act allows the Shareholders' Meeting to authorise the Board of Directors to increase the share capital within certain limits and subject to compliance with a number of requirements, without the need for prior consultation with the Shareholders' Meeting.

On the basis of this legal option, which is often used by listed companies, it is proposed that the General Meeting renew the authorisation to the Board of Directors to increase the share capital, on one or more occasions, by up to a total maximum amount of SIXTY-THREE MILLION SIX HUNDRED AND FIFTY-ONE THOUSAND SIX HUNDRED AND FORTY-EIGHT EURO





(€63,651,648), which is 50% of the current subscribed and paid share capital, by issuing new common or preferred, voting or non-voting, or redeemable shares, or any others allowed by law, at par or with an issue premium or by increasing the par value of the existing shares.

In order to provide the Board of Directors with a flexible tool with which to access the capital markets, if market conditions are appropriate, it is proposed that the General Meeting authorise the Board of Directors to subdelegate the powers so granted to the Executive Committee.

### **3. Full text of the proposal to which this report refers**

In accordance with the statements set out in this report, the following proposal is made to the General Meeting:

***"Renew authorisation to the Board of Directors, with the power to sub-delegate, to increase capital at one or more times in accordance with article 153.1.b) of Public Corporations Act and subject to the limits envisioned in that article.***

"To renew the delegation to the Board of Directors of the power to increase the Company's capital on one or more occasions by at most 50% of the subscribed and paid-up capital on the date of this authorisation, i.e. the amount of sixty-three million six hundred and fifty-one thousand six hundred and forty-eight euro (€63,651,648).

Any capital increase decided upon must be carried out within at most five years from this date.

Such capital increase(s) may be implemented, with or without a share premium, either by increasing the par value of existing shares, subject to the requirements of the law, or by issuing new shares, common or preferred, with or without voting rights, or redeemable shares or any other permitted by Law, or several forms at the same time, the consideration for the new shares or the increase in the par value of existing shares being a monetary contribution, including the conversion of unrestricted reserves, it being possible to use both systems simultaneously provided that this is allowed by law.

The Board of Directors will have the power, by virtue of this delegation, to establish that, in the event of incomplete subscription, the capital will be increased only in the amount of the actual subscriptions, and to amend the article of the Articles of Incorporation concerning capital, once the increase has been agreed upon and implemented.

The amount available at any time within the aforementioned maximum amount will be considered to include the amount of any capital increases which are undertaken by the Board of Directors in order to cater for the conversion of bonds in exercise of the powers granted by the Company's General Meeting.

The Board of Directors is also hereby empowered to apply for listing of any new securities that may be issued on any Stock Exchange or regulated market, whether domestic or foreign, in the terms of the applicable legislation.

The Board of Directors is likewise empowered to delegate the powers conferred to it by virtue of this resolution to the Executive Commission.

Resolution six of the Ordinary General Meeting on 21 June 2005 (item 7 of the agenda) is also revoked in the amount not used by the Board prior to the date of adoption of this resolution."





**REPORT FROM THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. REGARDING THE PROPOSAL UNDER ITEM SEVEN OF THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS CONVENED ON 27 MAY 2010, AT FIRST CALL, AND 28 MAY AT SECOND CALL.**

**1. Purpose of the report**

This report is drafted by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereafter, the "**Company**") to justify the motion submitted for approval by the Ordinary General Meeting of Shareholders convened for 27 May 2010 at 16.00 hours at first call, and on 28 May 2010, at the same time, at second call, under item Seven of the agenda, relating to the following issues:

- Delegate to the Board of Directors, with express powers to sub-delegate, the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature which are convertible into, or give entitlement to subscribe for, Company shares, or which are exchangeable or give entitlement to acquire shares of the Company or of other companies, amounting to at most three hundred million euro (€300,000,000).
- Delegate, with express powers to sub-delegate, the power to set the criteria to determine the conditions and forms of conversion or the entitlement to subscribe for shares of the Company, the power to increase capital in the amount necessary, and the power to override shareholders' pre-emptive subscription rights in accordance with provisions in article 293.3 of Public Limited Companies Act and other applicable regulations.
- For the event that this power to issue securities is exercised, to approve a share buyback programme whose goal is to enable the Company to meet its obligations arising from having issued securities that give entitlement to acquire outstanding shares of the Company, or to amortise shares in the event that securities are issued, while overriding the pre-emptive subscription rights, which are convertible or give entitlement to subscribe for newly-issued shares, with a view to limiting dilution of existing shareholders in the event of conversion or subscription of shares.
- For the event that this power to issue securities is exercised, to approve the reduction of the Company's capital through the amortisation of own shares by an amount equivalent to at most the combined nominal value of the new shares of the Company that are issued to cater for requests for conversion or subscription by the holders of securities of these characteristics that were issued overriding the pre-emptive subscription rights. To delegate powers to execute this resolution to the Board of Directors, including powers to sub-delegate.

In order for that proposal to be submitted for approval at the Ordinary General Meeting of Shareholders, the Company's Board of Directors is required to draft a written report in accordance with the provisions of article 144.1 a) of the Public Limited Companies Act (*Ley de Sociedades Anónimas*, hereinafter "LSA") to justify the proposal to empower the Board of Directors to issue securities that are convertible or give entitlement to subscribe for shares of the Company, and to





override the pre-emptive subscription right, to reduce capital and to amend the Articles of Incorporation (the “**Report**”).

## **2. Justification for the proposal**

The Board of Directors considers it highly advisable to have delegated powers envisaged under the regulation in force so as to be in a position at all times to raise funds in the primary securities markets as needed for proper management of the company's interests.

The purpose of the delegation of these powers is to provide the Company's Board of Directors with the necessary flexibility and the ability to respond as required by the competitive context in which it operates, where the success of a transaction or strategic initiative depends on the ability to act with speed and without the delays and costs that announcing and holding a Shareholders' Meeting inevitably entail.

Consequently, in addition to the proposal for empowerment referred to in item Six of the agenda, which refers to the issuance of secured or unsecured fixed-income securities, the proposal under item Seven of the agenda would empower the Company's Board of Directors to raise a sizeable volume of funds in a short period of time, if this becomes necessary. This flexibility and agility are particularly advisable in the current situation of tight credit, in which changing market circumstances make it advisable for the Company's Board of Directors to have the necessary means to draw on the various available sources of funding in order to obtain the most advantageous financial conditions.

To that end, in accordance with the general rules on bond issuance set out in articles 282 *et seq.* of the Public Limited Companies Act and in accordance with the provisions of article 319 of the Mercantile Register Regulation, the General Meeting is asked to approve the proposal under item Seven of the agenda with respect to granting the Board of Directors the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature (including, without not limited to, covered bonds, commercial paper or preference shares) which are convertible into, or give entitlement to subscribe for, Company shares, or which are exchangeable or give entitlement to acquire outstanding shares of the Company or of other companies (including warrants), on one or more occasions, within a period of five years, for monetary consideration, or exceptionally for consideration in kind.

The proposal establishes a maximum total amount for the issue(s) of securities under the delegation at three hundred million euro (€300,000,000) or its equivalent in another currency, and revokes the delegation granted to the Board of Directors under decision ten of the Ordinary General Meeting on 18 June 2008 in the amount not yet used. Securities issued under the delegation contained in Decision Six above will not count for these purposes.

It is hereby placed on record that, pursuant to article 111 bis of the Securities Market Act (Act 24/1988, of 28 July), the limit on the issuance of bonds by unlisted corporations established in article 282.1 of the Public Limited Companies Act does not apply in this case.

The proposal also specifically empowers the Board of Directors to decide, when appropriate, to increase capital as necessary to cater for conversion or the exercise of subscription rights, provided that this increase by delegation, individually or combined with any others that have been decided





upon under other authorisations granted to the Board of Directors by the General Meeting (including that proposed in item Five of the agenda, if approved by the Meeting), as provided in article 153.1.b) of the Public Limited Companies Act, does not exceed one-half of the subscribed and paid share capital on the date of this authorisation.

The motion also provides, in the event of the issuance of convertible securities, the criteria for determining the rules and forms of conversion, although, in the event that the Board of Directors decides to make use of the authorisation granted by the General Meeting, the Board of Directors is entrusted with specifying some of those rules and forms for each issue in accordance with the criteria established by the General Meeting. Accordingly, the Board of Directors will determine the specific conversion ratio and, to that end, at the time of approving the issuance of convertible bonds under the authorisation granted by the Meeting, it will issue a directors' report detailing the specific rules and forms of conversion applicable to that issue, accompanied by a report from an auditor other than the Company's auditor, as provided in article 292.2 of the Public Limited Companies Act.

Specifically, the motion submitted by the Board of Directors for approval by the General Meeting provides that the convertible fixed-income securities that are issued under it must be valued at their nominal amount and the shares at the fixed price determined in the Board of Directors decision that makes use of the delegation, or at the price to be determined on the date(s) indicated in the Board of Directors decision and, as the case may be, on the basis of the price of the Company's shares on the Spanish Stock Exchanges on the date(s) or in the period(s) taken as reference in that decision, at a discount or otherwise.

Accordingly, the Board of Directors considers that it is being granted sufficient scope for manoeuvre to establish the share price for the purposes of conversion as a function of market conditions and other applicable factors.

It is also possible to decide to issue convertible fixed-income securities with a variable conversion rate. In this case, the price of the shares for conversion purposes will be the arithmetic mean of the closing prices of the Company's shares on the Spanish Stock Exchanges in a period to be determined by the Board of Directors.

Again, the Board of Directors considers that this grants it sufficient scope for manoeuvre to establish the variable conversion ratio as a function of market conditions and other factors that the Board of Directors must consider.

In any event, as an absolute minimum limit in accordance with article 292.3 of the Public Limited Companies Act, it is established that the value of the share for the purposes of converting bonds into shares may never be less than the par value.

It is also placed on record that the authorisation to issue fixed-income securities convertible into new shares of the Company includes the power for the Board of Directors, under the provisions of article 293.3 of the Public Limited Companies Act, to partly or totally override the shareholders' pre-emptive subscription right when this is necessary to raise funds in the international capital markets, or to use demand prospecting techniques or when it is otherwise in the Company's interests.

The Board of Directors considers that this additional possibility, which greatly expands the scope for manoeuvre and ability to respond under the simple delegation of powers to issue convertible bonds, is justified by the flexibility and agility that are needed to act in the current financial markets in order to seize opportunities when market conditions are most favourable. This justification also exists when the intention is to raise funds in the international markets, where it is possible to raise a large





volume of funds in a rapid, agile manner in very favourable conditions provided that it is possible to launch an issue on those markets at the right time, which cannot be determined in advance. Also, it may be necessary to override the pre-emptive subscription right where the funds are to be raised by demand prospecting or bookbuilding techniques or otherwise where this is in the Company's interests. Finally, overriding the pre-emptive subscription right lowers the yield on the debt security and the associated issuing costs compared with an issue with a pre-emptive subscription right, while also having less of a distorting effect on the Company's shares during the issue placement period.

In any case, if the Board decides to override the pre-emptive subscription right in relation to a specific issue of convertible securities that it decides to make under this authorisation, it must, at the time of approving the issue and in accordance with the provisions Article 293.3 of the Public Limited Companies Act, issue a report detailing the specific reasons in connection with the Company's interests that justify the measure, which must be accompanied by a report by an auditor other than that of the Company, as referred to in that Article. Those reports will be made available to shareholders and disclosed to the first Shareholders' Meeting held after the issue decision is adopted.

The proposal provides that the rules for the issuance of convertible fixed-income securities will apply, *mutatis mutandis*, to the issuance of warrants or similar securities which give direct or indirect entitlement to subscribe for newly-issued shares of the Company, and this delegation carries the broadest powers, with the same scope as in the preceding paragraphs, to decide what is considered most appropriate in relation to that class of securities.

It is also provided, in order to limit the dilutive effect of securities of this type when the pre-emptive subscription right is overridden, that where the Board of Directors makes use of this power in connection with securities that are convertible or give entitlement to subscribe for newly-issued shares of the Company, overriding the pre-emptive right, it must execute the share buyback and capital reduction programme set out below in this resolution, in the terms and conditions stipulated there.

The Board of Directors has considered the advantages for the Company of issuing securities of this type and of delegating approval to the Board of Directors. It has also assessed the risk that this delegation might not be approved by the General Meeting of Shareholders as a result of shareholders' refusal to expose themselves to possible dilution of their shareholdings in the Company if, when the time comes, the holders of the securities so issued exercise their right to convert or subscribe for newly-issued shares.

In order to make the proposal more attractive to shareholders of the Company, the Board of Directors has decided to also submit for consideration by the Ordinary General Meeting a plan to reduce share capital by amortising the corresponding number of own shares acquired under the share buyback programme referred to in section (c) below, or already held by the Company as treasury stock (provided that they are not part of pre-existing share buyback programmes that have not been fully executed), by a nominal amount equivalent to the nominal value of those treasury shares, up to a maximum of the combined nominal value of the new shares of the Company issued to attend to requests for exchange or conversion from holders of the aforementioned securities.

In order to provide more detailed evidence of the suitability of the proposed capital reduction, the Board of Directors expressly notes the following:



- (a) Reduction of the dilutive effect on shareholders of the convertibility of the securities or the ability to subscribe for newly-issued shares. Although the maximum dilution that may arise is bounded by the amount of the securities that the Board of Directors may issue under the delegation referred to in the decision to which this report refers, the proposed capital reduction will also limit shareholder dilution resulting from the issuance of new shares to cater for requests for conversion or for subscription of new shares from holders of the aforementioned securities.
- (b) Automatic system. The proposed capital reduction decision in the foregoing terms includes the delegation of powers of execution to the Board of Directors, with express powers to sub-delegate to the Executive Committee, similar to the delegation of powers agreed with regard to the capital increase in the event that the Company issues securities that are convertible into, or give entitlement to subscribe for, newly-issued shares of the Company by the holders of such securities. Furthermore, the capital reduction will be charged against income or unrestricted reserves. In accordance with article 167.3 of the Consolidated text of the Public Limited Companies Act, a reserve will be appropriated for the nominal amount of the amortised own shares and it may only be used subject to the same requirements as the capital reduction. Consequently, the Company's creditors will not be entitled to object to the capital reduction so decided.

Therefore, the existence of the delegation of powers and the absence of the need to wait for the period established by law for creditors to object in the event of a capital reduction will render the system used to execute the agreements to increase and reduce capital completely automatic, enabling the same person or corporate body executing the capital increase resolution, at one or more times, to also execute the capital reduction simultaneously or immediately afterwards.

- (c) The Company's share buyback programme. In order to facilitate not only the availability to the Company of the number of own shares necessary to comply with the obligation to deliver existing shares to cater for requests from the holders of the securities in question (if the Company opts for this alternative), but also of the number of own shares necessary to perform the capital reduction through amortisation of treasury shares to limit, in the aforementioned terms, the dilution of shareholders in the event of issuance of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, the Board of Directors deemed it advisable to propose a share buyback programme pursuant to the provisions of article 3 *et seq.* of European Commission Regulation 2273/2003, of 22 December (the "**Programme**").

The Programme will enable the Company to reduce capital through amortisation of own shares, avoiding the need to make a tender offer in accordance with the exemption provided in article 12.2 of Royal Decree 1066/2007, dated 27 July, concerning the rules for tender offers for securities, in relation to share buyback programmes provided in European Commission Regulation 2273/2003.

- (d) Persistence of, and compatibility with, pre-existing decisions. This proposal does not eliminate or alter the terms and conditions of previous share buyback or capital reduction programmes approved by the Company or the corresponding authorisations for the acquisition of own shares in the market, which will remain in force. This share buyback programme is held to be compatible with the preceding programmes. Nevertheless, this



programme may only be implemented insofar as it does not hinder the full execution of preceding share buyback programmes or, consequently, the achievement of the goals for which such programmes were approved.

Additionally, it is envisaged that the securities issued by virtue of this delegation may be listed on any secondary market, whether organised or otherwise, official or otherwise, in Spain or in other countries.

The proposal also includes the express possibility that the powers of all types attributed to the Board of Directors may be delegated by this organ to the Executive Committee.

### **3. Full text of the proposal to which this report refers**

In accordance with the statements set out in this report, the following proposal is made to the General Meeting:

*"In accordance with the directors' report, which has been at the shareholders' disposal since notice was given of the Meeting of Shareholders:*

*A. To grant powers to issue fixed-income securities or analogous debt instruments that are exchangeable, convertible or similar.*

*Delegate to the Company's Board of Directors the power to issue on one or more occasions any fixed-income securities or debt instruments of a similar nature which are convertible or give entitlement to subscribe Company shares or which are exchangeable or give entitlement to acquire shares of the Company or of other companies, in the following conditions:*

*1. Securities to be issued. The securities to which this delegation refers may be debentures, bonds and other fixed-income securities or debt instruments of a similar nature, in any form permitted by law, including but not limited to, covered bonds, commercial paper, preference shares, warrants or similar securities that directly or indirectly give entitlement to acquire outstanding shares of the Company or of other companies inside or outside the Company's group, which can be settled by physical delivery or by differences. This delegation also applies to fixed-income securities and warrants that are convertible into, or give entitlement to subscribe for, newly-issued shares of the Company. Nevertheless, where the Board of Directors makes use of this power in connection with securities that are convertible or give entitlement to subscribe for newly-issued shares of the Company, overriding the pre-emptive right, it must execute the share buyback and capital reduction programme set out below in section B of this resolution, in the terms and conditions stipulated there.*

*2. Period. The securities may be issued at one or more times and at any time within a maximum period of five (5) years from the date of adoption of this resolution.*

*3. Maximum amount of the delegation. The maximum amount of securities to be issued under this delegation will be three hundred million euro (€300,000,000) or its equivalent in another currency.*

*For the purposes of calculating the foregoing limit, in the case of warrants, the sum of the premiums and strike price of each issue of warrants approved under this delegation will be taken into account. The outstanding balance of fixed-income securities issued under this delegation will be considered for the purposes of that limit. Securities issued under the delegation contained in Decision Six above will not count for these purposes.*





*It is hereby placed on record that, pursuant to article 111 bis of the Securities Market Act (Act 24/1988, of 28 July), the limit on the issuance of bonds and other debt securities established in article 282.1 of the Public Limited Companies Act does not apply in this case.*

*4. Scope of the delegation. The delegation under this decision will extend, as broadly as may be required by law, to the establishment of the specific features and characteristics of each issue. In particular, the powers of the Company's Board of Directors with respect to each issue include, but are not limited to, determining: the amount, within the aforementioned overall quantitative limits; the place of issuance (in Spain or elsewhere), the currency and, if in another country, the equivalent in euro; the name, i.e. bonds, debentures or any other name allowed by law; the date or dates of issue; the yield, and coupon dates and payment procedures; whether the securities are perpetual or amortisable and, in the latter case, the amortisation period and maturity date; the redemption rate, premiums and batches, and collateral, including mortgage collateral; the form of representation, whether by certificates or book entries; whether or not the issued securities are subordinated; the number of securities and their nominal value; the applicable legislation, whether of Spain or another country; whether to apply for listing in official or unofficial secondary markets, whether organised or otherwise, Spanish or otherwise, of the securities that are issued, subject to the requirements imposed by the applicable legislation in each case; and generally any other condition of the issue, as well as the appointment, if appropriate, of the head of the bondholders' syndicate, and approval of the basic rules governing legal relations between the Company and such syndicate, if created.*

*The delegation also empowers the Board of Directors to decide on the conditions of amortisation of the securities issued under this authorisation, and any of the methods provided for this purpose in the Public Limited Companies Act may be used. The Board of Directors is also empowered so that it may amend the terms and conditions of such securities when it sees fit, and subject to obtaining any necessary authorisations and, where appropriate, the consent of the general meetings of the bondholders' syndicates for the securities issued under this authorisation.*

*5. Conversion terms and conditions. In the case of the issuance of fixed-income securities that are convertible into shares of the Company, in accordance with the preceding sections, to establish the following rules for setting the terms and conditions of conversion:*

*(i) The securities issued in accordance with this decision may be convertible, wholly or partly, into newly-issued shares of the Company, ordinary or of any other type, in accordance with a conversion rate that is fixed (determined or to be determined) or variable, the Board of Directors being empowered to determine whether conversion is mandatory or voluntary and, if voluntary, whether at the option of the holders or of the Company, with the frequency and during the time period that is established in the issuance decision, which may not be more than twenty (20) years from date of issuance.*

*(ii) For conversion purposes, fixed-income securities will be valued at their nominal amount, and may or may not include interest accrued and outstanding at the conversion date.*

*(iii) In the case of issues with fixed conversion rates, shares will be valued for conversion purposes at the fixed rate determined in the Board of Directors decision made by use of this delegation or at the rate to be determined on the date(s) indicated in the Board of Directors decision and, as appropriate, on the basis of the trading price in the Spanish Stock Exchanges in the period to be determined by the Board of Directors, at a discount or otherwise.*



(iv) It is also possible to decide to issue convertible fixed-income securities with a variable conversion rate. In this case, the price of the shares for conversion purposes will be the arithmetic mean of the closing prices of the Company's shares on the Spanish Stock Exchanges in a period to be determined by the Board of Directors.

(v) The Board may establish that the Company reserves the right to choose, at any time, between conversion into newly-issued shares or exchange for existing shares of the Company, determining the nature of the shares to be delivered at the time of conversion or exchange, and that it may also choose to deliver a combination of newly-issued and existing shares, while always granting equal treatment to all holders of securities that convert on the same date. The Company may also choose to pay an amount in cash partly or wholly instead of its obligation to deliver shares.

(vi) On conversion, any fractions of shares to be delivered to the holder of the securities will be rounded down in the form to be determined by the Board of Directors and each holder may receive, if the Board of Directors so decides, any surplus resulting from rounding down in cash.

(vii) In no event may the value of the share, for the purposes of the conversion of securities into shares, be less than its par value. Additionally, in accordance with the provisions of article 292.3 of the Public Limited Companies Act, convertible fixed-income securities may not be issued for less than their nominal value nor converted into shares when the nominal value of the fixed-income securities is less than that of the shares.

(viii) When approving an issue of convertible securities within the scope of the authorisation from the Shareholders' Meeting, the Board of Directors must issue a report to elaborate upon and determine, in light of the criteria described above, the specific conditions and modes of conversion applicable to each issue, which must be accompanied by a report from an auditor other than the Company's auditor, as provided in article 292.2 of the Public Limited Companies Act.

6. Overriding the pre-emptive subscription right, and capital increase. The delegation to the Board of Directors that is envisaged here with respect to the issuance of fixed-income securities that are convertible into shares includes, but is not limited to, the following powers:

(i) The power as provided by article 159.2 of the Spanish Corporations Law for the Board of Directors to override, either fully or partially, the shareholders' pre-emptive subscription right when necessary to raise funds in the international markets, to use demand prospection techniques or when it is in the Company's interests in any other way. In any case, if the Board decides to override the pre-emptive subscription right in relation to a specific issue of convertible securities that it decides to make under this authorisation, it must, at the time of approving the issue and in accordance with the provisions Article 293.3 of the Public Limited Companies Act, issue a report detailing the specific reasons in connection with the Company's interests that justify the measure, which must be accompanied by a report by an auditor other than that of the Company, as referred to in that Article. Those reports will be made available to shareholders and disclosed to the first Shareholders' Meeting held after the issue decision is adopted.

(ii) In accordance with article 153.1.b) of the Public Limited Companies Act, the power to increase capital at one or more times in the amount needed to meet requests for conversion of convertible securities issued in accordance with this delegation. This power may only be exercised where those capital increases, plus any other capital increases that may be performed by the Board of Directors under other delegations to increase capital, do not exceed one-half of capital stock, as envisaged in article 153.1.b) of the Public Limited Companies Act, at the time of this authorisation. This



*authorisation to increase capital includes the power to issue and circulate, at one or more times, the shares necessary to cater for the conversion, as well as the power, in accordance with article 153.2 of the Public Limited Companies Act, to redraft the article in the Articles of Incorporation relating to the share capital figure and, if necessary, the power to cancel any part of that capital increase that is not necessary for the conversion into shares. In accordance with the provisions of article 159.4 of the Public Limited Companies Act, the Company's shareholders will not have pre-emptive subscription rights in the capital increases performed by the Board of Directors to cater for requests for conversion.*

*The Board of Directors is also hereby empowered to apply for listing of any new shares that may be issued on any Stock Exchange or regulated market, whether domestic or foreign, in the terms of the applicable legislation.*

*(iii) The power to elaborate upon and specify the rules and forms of conversion, taking into account the criteria set out in section 5 above and, in general and in the broadest terms, to determine such terms and conditions as may be necessary or advisable for the issue. At subsequent General Meetings of Shareholders, the Board of Directors must inform shareholders of any use which has been made up to that point of the powers to issue fixed-income securities convertible into shares of the Company.*

*7. Warrants: The rules set out in sections 5 and 6 above will apply, mutatis mutandis, to the issuance of warrants or similar securities which give direct or indirect entitlement to subscribe for newly-issued shares of the Company, and this delegation carries the broadest powers, with the same scope of the preceding paragraphs, to decide what is considered most appropriate in relation to that class of securities.*

*8. Listing of securities. Where appropriate, the Company will apply for listing on official and unofficial secondary markets, whether organized or not, domestic or foreign, of the securities issued by virtue of this delegation, and the Board of Directors is empowered to carry out such procedures and actions as may be necessary for listing before the competent authorities of the domestic or foreign securities markets.*

*9. Powers to sub-delegate and empower. The Board of Directors is empowered to delegate the powers conferred to it by virtue of this resolution to the Executive Commission, and to grant the pertinent powers for performance of the delegated functions.*

*Resolution ten of the Ordinary General Meeting on 18 June 2008 is hereby revoked in the amount not used by the Board prior to the date of adoption of this resolution.*

**B. Share buyback programme and capital reduction**

*Under the provisions of Article 3 et seq. of Commission Regulation (EC) No 2273/2003 of 22 December, to approve a programme to repurchase shares of the Company whose sole purpose is (i) to meet obligations to deliver shares that arise from the issuance of securities giving entitlement to acquire outstanding shares, or to amortise them in order to limit the dilution of the pre-existing shareholders in case of issuance, while overriding the pre-emptive subscription right, of securities that are convertible into, or give entitlement to subscribe for, newly-issued shares, that may be adopted by the Board of Directors of the Company under the provisions of paragraph A above of this Decision for a maximum of three hundred million euro (€ 300,000,000) (the "Securities"), and (ii) to reduce the Company's capital by amortising the shares acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share*





buyback programmes that have not been completed), which will be deemed to be subject to the terms and conditions of the programme approved by the General Meeting of Shareholders.

The Company is authorised so that, directly or via any of its subsidiaries, within a period of at most five years from the date of this Meeting of Shareholders, it may acquire, at any time and on as many occasions as it sees fit while executing the approved share buyback programme, shares of the Company by any means allowed by law, all in conformity with Article 75 and matching articles of the Consolidated Text of the Public Limited Companies Act.

It is also decided to approve the limits or requirements of such acquisitions, as follows:

- The par value of the shares acquired, added to those already held by the Company and its subsidiaries, may not at any time exceed the legal limits.
- The shares acquired must have been fully paid.
- The acquisition price may not be less than the par value nor more than 20 per cent higher than the market price.

The shares acquired under the buyback programme will be used by the Company to fulfil its obligations to deliver existing shares that arise from the issuance of the Securities or, as the case may be, to reduce the Company's capital so as to limit the dilution of pre-existing shareholders in the event of exercise of the power attached to the Securities to convert into or subscribe for newly-issued shares of the Company.

This decision does not eliminate or alter the terms and conditions of previous share buyback programmes approved by the Company or the corresponding authorisations for the acquisition of treasury shares in the market, which will remain in force. This share buyback programme is held to be compatible with the preceding programmes. Nevertheless, this programme may only be implemented insofar as it does not hinder the full execution of preceding share buyback programmes or, consequently, the achievement of the goals for which such programmes were approved.

It was also resolved to reduce capital through the amortisation of the corresponding number of own shares of the Company which have been acquired by virtue of the programme or those already held as treasury stock (provided they are not already assigned to preceding share buyback programmes as provided in the preceding sections) by a nominal amount equal to the par value of those shares in treasury stock, up to a maximum equivalent to the combined par value of the new shares of the Company to be issued in implementation of Section A above to cater for requests from the holders of the Securities to convert into, or subscribe for, new shares.

The capital reduction here approved will be effected by amortising the corresponding number of own shares of the Company and will be charged against voluntary reserves; a reserve for amortised capital will be appropriated for the par value of the amortised shares, which may only be used subject to the same requirements as for a capital reduction, by application of article 167.3 of the Consolidated Public Limited Companies Act. Consequently, in accordance with the provisions of that article, the Company's creditors will not have the right of opposition provided by article 166 of the Consolidated Public Limited Companies Act as a result of the capital reduction that is approved.

The reduction will not entail the refund of contributions to shareholders as the amortised shares are owned by the company itself. Therefore, the purpose of the reduction will be to amortise own shares.





*The capital reduction here decided will be performed at one or several times during the term of the Company's share buyback programme, immediately after each execution of the decision adopted by the Company to increase capital so as to fulfil the obligations arising from requests to convert into, or subscribe for, shares of the Company through the delivery of newly-issued shares.*

*This decision does not override or alter the terms or conditions of preceding capital reduction decisions adopted by the Company that are still in force.*

*It also resolved to delegate to the Board of Directors, with express powers to sub-delegate in the Executive Committee, to implement this resolution as regards both the share buyback programme and the capital reduction. The latter must be executed at one or several times during the term of the Company's share buyback programme, immediately after each execution of the decision adopted by the Company to increase capital so as to fulfil the obligations arising from exchange or subscription requests from holders of the Securities for the delivery of newly-issued shares, performing such proceedings, processes and authorisations as may be necessary or required by the Consolidated Public Limited Companies Act and other applicable legislation and, in particular, it is empowered so that, within the period and limits set out for such execution, it may establish the date(s) of the specific capital reduction(s) on the occasion of exercise of the power attaching to the Securities to convert into or subscribe for newly-issued shares, to state the amount of the reduction, in accordance with the terms approved above, and to amend Article 5 of the Articles of Incorporation to the new amount of capital; to request delisting of the amortised shares and, generally, to adopt such decisions as may be necessary for the purposes of such amortisation and the consequent capital reduction, designating the persons to participate in formalising them."*

Madrid, 21 April 2010.





**ADDITIONAL DISCLOSURES IN COMPLIANCE WITH ARTICLE 116.Bis OF ACT 24/1998 OF 28 JULY ON THE SECURITIES MARKET, AS AMENDED BY ACT 6/2007 OF 12 APRIL.**

**a) The capital structure, including securities not traded in a regulated market of the European Union, stating the various classes of shares and, for each class of shares, the rights and obligations that they confer and the percentage of capital stock which they represent.**

The share capital of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is ONE HUNDRED AND TWENTY-SEVEN MILLION THREE HUNDRED AND THREE THOUSAND TWO HUNDRED AND NINETY-SIX (127,303,296) euros, represented by ONE HUNDRED AND TWENTY-SEVEN MILLION THREE HUNDRED AND THREE THOUSAND AND TWO HUNDRED AND NINETY-SIX (127,303,296) shares, all of the same class and series, represented by book entries, with a par value of one euro each, which are fully subscribed and paid. Each share entitles the owner to one vote.

**b) Restrictions on the transferability of securities.**

There are no general restrictions regarding the free transferability of the securities other than those provided in the Consolidated Text of the Public Corporations Act.

**c) Significant holdings in the capital, whether direct or indirect.**

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is controlled by B1998, S.L. That company owns 59,871,785 shares directly (47.0431%) and 8,653,815 shares indirectly (6.798%) (through its subsidiary AZATE, S.A.) , which represent 53.829% of capital.

The Royal Bank of Scotland Group PLC owns 4,330,938 shares indirectly, representing 3.402% of capital, through:

- The Royal Bank of Scotland PLC, with 4,323,586 shares (3.396%).

**d) Restrictions on voting rights.**

There are no restrictions in the Articles of Incorporation with regard to voting rights.



**e) Shareholders' agreements.**

| <b>Parties involved in shareholders' agreements</b> | <b>% of share capital affected</b> | <b>Brief description of agreement</b>                       |
|-----------------------------------------------------|------------------------------------|-------------------------------------------------------------|
| ESTHER KOPLOWITZ ROMERO DE JUSEU                    | 52.483                             | REGULATORY DISCLOSURE ON 30/07/2004 WWW.CNMV.ES (SEE NOTE). |
| ESTHER KOPLOWITZ ROMERO DE JUSEU                    | 52.483                             | REGULATORY DISCLOSURE ON 13/01/2005 WWW.CNMV.ES (SEE NOTE). |
| ESTHER KOPLOWITZ ROMERO DE JUSEU                    | 52.483                             | REGULATORY DISCLOSURE ON 13/01/2005 WWW.CNMV.ES (SEE NOTE). |
| ESTHER KOPLOWITZ ROMERO DE JUSEU                    | 52.483                             | REGULATORY DISCLOSURE ON 19/07/2007 WWW.CNMV.ES (SEE NOTE). |
| ESTHER KOPLOWITZ ROMERO DE JUSEU                    | 52.483                             | REGULATORY DISCLOSURE ON 26/12/2007 WWW.CNMV.ES (SEE NOTE). |
| ESTHER KOPLOWITZ ROMERO DE JUSEU                    | 53.829                             | REGULATORY DISCLOSURE ON 04/02/2008 WWW.CNMV.ES (SEE NOTE). |

NOTE: A regulatory disclosure was published on 30 July 2004 on the National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV) website regarding the acquisition of part of EK's stake in B 1998, S.L. by Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A., and the French family Peugeot, through Simante, S.L.

A regulatory disclosure was published on 13 January 2005 regarding the agreement between Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (wholly-owned by Esther Koplowitz Romero de Juseu) and Larranza XXI, S.L. (belonging to the Bodegas Faustino group) to transfer a portion of the former's minority stake in B 1998, which directly and indirectly owns 52.483% of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., to the latter."

A regulatory disclosure was published on 13 January 2005 regarding the agreement between Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (wholly-owned by Esther Koplowitz Romero de Juseu) and Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A. to transfer a minority stake owned by the former in B 1998, S.L., which directly and indirectly owns 52.483% of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., to the latter."

A regulatory disclosure was published on 19 July 2007 on the novation modifying B1998, S.L. shareholder agreements, which does not alter Esther Koplowitz Romero de Juseu's direct and indirect stakes in B 1998, S.L. or the agreements between parties with respect to the governance of B 1998, S.L. and, indirectly, of Fomento de



Construcciones y Contratas, S.A., or any provision regarding control of the two companies."

A regulatory disclosure was published on 26 December 2007 regarding the reorganisation of the ownership structure of B 1998, S.L., whereby Esther Koplowitz Romero de Juseu, through wholly-owned company DOMINUM DIRECCIÓN Y GESTIÓN, S.A., signed an agreement with IBERSUIZAS HOLDINGS, S.L. to purchase from the latter 10.55% of B 1998, S.L., which owns 52.483% of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., effective 30 January 2008.

The transaction totalled 381.5 million euro, valuing FCC shares at 55.94 euro each. This move, which was initiated by Esther Koplowitz and increased her stake in FCC, entailed the divestment of Grupo Ibersuizas in B 1998, S.L. and, thus, in FCC Group. Ibersuizas Holdings, S.L. ceased being party to the shareholders' agreement regulating the relationships between shareholders of B 1998, S.L., and on 30 January 2008, resigned from the board of directors of that company. Ibersuizas Alfa, S.L. also resigned from the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A."

A regulatory disclosure was issued on 4 February 2008 regarding Esther Koplowitz's acquisition of Ibersuizas Holding's stake in B 1998, S.L., the main shareholder of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (FCC) (53.829%). The agreement was reached on 24 December 2007.

Following this restructuring, the ownership structure of B 1998, S.L. is as follows:

- Esther Koplowitz (direct and indirect) 83.92%
- Eurocis, S.A. 5.01%
- Simante, S.L. 5.73%
- Larranza XXI, S.L. 5.33%

The above-mentioned regulatory disclosures reflect the main agreements reached between Esther Koplowitz and the Investors since the respective acquisitions:

- Ms Esther Koplowitz will retain control of B 1998, S.L. and, therefore, of Azate, S.A. and FCC.
- The Board of Directors of B 1998 S.L. will comprise twelve directors. As a group, the Investors are entitled to appoint up to four directors, although under no circumstances may they appoint more than one-third of the members of the Board of B 1998, S.L.
- At all events, Esther Koplowitz may appoint the majority of the members of the boards of directors of FCC and its subsidiaries. As a group, the Investors may appoint up to three members but never more than one-third of the total Board of Directors of FCC.
- Ms Esther Koplowitz may appoint the Chairman of the Board of Directors of FCC, the Managing Director of FCC and at least two-thirds of the members of the Executive Committee.





- FCC's pay-out will be at least 50%.

Esther Koplowitz and the Investors have entered into a series of agreements to protect the latter's minority interest in B 1998, S.L.:

- IN RELATION TO B 1998, S.L.:

As regards B 1998, S.L., although the general rule is that decisions (in the Shareholders' Meeting or the Board of Directors) be adopted by simple majority of capital, there are a number of special cases where consensus is required:

- Modifications to the Articles of Incorporation that entail moving the registered offices abroad, changing the corporate purpose or increasing or reducing capital, except where such operations are required by law or, in the case of capital reductions, when they occur through the acquisition of own shares by B 1998 S.L., (owned directly and indirectly by Ms Esther Koplowitz and Dominum Dirección y Gestión, S.A.) for amortisation, or when the capital reduction is performed through amortisation of shares of B 1998, S.L. (held directly and indirectly by EK or by Dominum Dirección y Gestión, S.A.) against reserves, which may only be performed by Ms Esther Koplowitz, according to a clause in the Articles of Incorporation or otherwise.
- Any type of change of corporate form, merger or demerger or the total transfer of assets and liabilities;
- Dissolution or liquidation of B 1998 S.L.;
- Overriding of pre-emptive subscription rights in capital increases and the exclusion of shareholders;
- Modification of the regime of management of B 1998, S.L.;
- Establishment or modification of the dividend policy agreed by the Investors in connection with rights attached to their shares, as set out in the Articles of Incorporation or otherwise;
- Acts of disposal or encumbrance, by any means, of any significant assets of B 1998, S.L., specifically shares of FCC or shares of any other companies in which B 1998 S.L. holds or may hold a stake in the future;
- An increase in structural expenses which, on an annual basis, exceeds those reflected in the company's balance sheet as of 31 December 2003, increased in line with the general annual CPI plus two percentage points; the foregoing calculation will exclude the remuneration paid to B 1998, S.L. as a result of that company being a member of the Board of Directors of FCC (hereafter, the "FCC Board Remuneration") , and remuneration of members of the Board of Directors of B 1998, S.L., as long as it does not exceed the FCC Board Remuneration;
- Granting or maintaining powers that allow for the disposal of FCC shares, by any means;
- Encumbering B 1998, S.L. with debt and obtaining or providing guarantees which, overall, exceed 500,000 euro;





- Creating or acquiring direct subsidiaries (other than FCC subsidiaries) or acquiring shares in entities other than those in which B 1998 S.L. already holds a stake.
- IN RELATION TO FCC:

As regards FCC, although the general rule is that decisions (in the Shareholders' Meeting or the Board of Directors) be adopted by simple majority of capital, there are a number of special cases where consensus is required:

- Modifications to the Articles of Incorporation that entail moving the registered offices abroad and increasing or reducing capital, except where such operations are required by law.
- Changing the corporate purpose when doing so includes the incorporation of activities not related to construction, services, cement and real estate.
- Any type of change of corporate form, merger or demerger.
- Any merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. whereby B 1998, S.L. would no longer indirectly hold more than 50% of the voting rights in the post-merger company.
- Overriding of pre-emptive subscription rights in capital increases.
- Modification of the regime of management.
- Acts of disposal or encumbrance, by any means, of any material assets of FCC that is unrelated to the company's object, and, at all events, the above-mentioned acts within the scope of FCC's object when the total or combined value is 700,000,000 euro or more (adjusted in line with the annual increase in the CPI) , or entail a significant modification to the current structure of the FCC Group or represent more than 10% of the FCC Group's consolidated assets.
- Any transactions that may lead to or represent a variation of more than 20% of FCC's equity or over 10% of the FCC Group's consolidated assets.
- Granting of powers that permit, by any means, the above-mentioned disposals, encumbrance and acquisitions; the foregoing does not in any way limit Ms Esther Koplowitz's right to appoint and remove the Managing Director of FCC.
- Encumbering FCC with debt and obtaining or providing guarantees (excluding, at all events, guarantees included in the normal course of ordinary business and non-recourse project finance) which, overall, exceed 2.5 times the EBITDA shown in FCC's most recent consolidated balance sheet.

In the event that Ms Esther Koplowitz and the Investors are unable to reach a consensus to adopt resolutions in the above-mentioned special cases, the parties will take the necessary measures to maintain the pre-existing situation.





The full content of the shareholders' agreements are available on the CNMV website as Regulatory Disclosures dated 30 July 2004, 13 January 2005, 19 July 2007, 26 December 2007 and 4 February 2008.

**Full information about the shareholder agreements is available on the web at [www.fcc.es](http://www.fcc.es)**

**f) Regulations applicable to the appointment and replacement of members of the governing body and amendments to the Company's Bylaws.**

The regulation in this connection is **Chapter IV of the Rules of the Board of Directors**, dealing with Appointment and Removal of Directors, which establishes the articles governing the appointment and replacement of members of the Board of Directors.

**Article 16. Appointment, ratification or re-election of directors:**

Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, fitness, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of independent directors, and based on a prior report of the Appointments and Remuneration Committee, in the case of other directors.

From the moment of publication of the notice of the General Meeting, the Board of Directors must publish, on the website, the following information about the persons proposed for appointment or ratification as directors:

- (i) professional experience and background
- (ii) directorships held in other companies, listed or otherwise
- (iii) an indication of the director's classification; in the case of proprietary directors, the shareholder they represent or have links with must be identified;
- (iv) the date of their first and subsequent appointments as a company director;
- (v) shares of the Company and financial derivatives whose underlying are shares of the Company that are owned by the director proposed for ratification or re-appointment or by the candidate for first-time appointment as director. That information must be kept up to date.

The Secretary of the Board of Directors will provide each new director with a copy of the Articles of Incorporation, these Rules, the Internal Code of Conduct, the latest annual Financial Statements and Directors' Report, of both the Company and its consolidated Group, as approved by the General Meeting of Shareholders, the auditors' report on the Financial Statements and the latest financial information provided to the markets. They will also be provided with the names of the current auditors and their interlocutors.

Each director must sign a receipt for the documentation and undertake to take cognizance of it immediately and to faithfully fulfil his obligations as a director.





The Company will establish induction programmes to provide newly-appointed directors rapidly with sufficient knowledge of the Company and its Group and the corporate governance rules, while also offering refresher courses when circumstances make this advisable."

#### **Article 17. Designation of Independent Directors**

Persons appointed as external independent directors must meet the conditions indicated in Article 6.2.a) of these Rules.

Even where they remain on the Board, directors who have been classified as independent directors for a continuous period of 12 years may not continue to hold that category, although the Board may propose to the General Meeting, based on a prior favourable report from the Appointments and Remuneration Committee, that he or she retain the status of independent nonetheless.

#### **Article 18. Term of office**

1. The term of office of directors will be that established in the Articles of Incorporation, which may not be more than six years, although directors may be re-appointed.
2. The directors appointed by co-option will hold office until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.
3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for two years.
4. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors.

#### **Article 19. Re-appointment of Directors.**

Prior to the proposing the re-appointment of any director to the General Meeting of Shareholders, the Appointments and Remuneration Committee must issue a report evaluating the quality of work and dedication of the proposed directors during their previous mandate.

#### **Article 20. Removal of Directors**

1. Directors must step down from the Board when their mandates have expired or when so decided by the General Meeting of Shareholders making use of the powers vested in it by law and by the Articles of Incorporation.
2. Directors must tender their resignation to the Board of Directors and, if the latter sees fit, resign in the following cases:

a) In the case of executive directors, when they no longer occupy the positions or perform the functions by virtue of which they were appointed.

b) In the case of proprietary directors, when the shareholder whose interests they represent disposes of its holding in FCC or reduces it to such a level that its number of proprietary directors must be reduced.

c) When they fall under a situation of incompatibility or legal disqualification.

d) When the Board, by a two-thirds majority, asks the director to resign:





☐ if he receives a severe reprimand from the Board due to breach of his duties as director, based on a proposal or report by the Appointments and Remuneration Committee, or

☐ when their permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in article 124 of the Public Corporations Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.

3.The Board of Directors may not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles, except where just cause is found by the board, based on a report from the Nomination and Remuneration Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the grounds enumerated in article 6.2.a of these rules that disqualify from appointment as an independent director.

4.When a director steps down either due to resignation or otherwise, he/she must set out the reasons in a letter to be sent to all other members of the Board, and his/her removal and the reasons must be disclosed in the Annual Corporate Governance Report. In particular, where the director resigns due to the adoption by the Board of significant or repeated decisions to which the director has placed serious objections on record, and decides to resign as a result, the resignation letter to the other directors must expressly state this fact.

The rules applicable to amendments to the Articles of Incorporation are contained in article 17 of the Articles of Incorporation:

#### Article 17. Constitution of the General Meeting

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





When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed capital with voting right, 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.

**g) The powers of the members of the governing body and, in particular, those relating to the possibility of issuing or buying back shares:**

A) The following powers have been granted to Mr Baldomero Falcones Jaquotot, in his capacity as Chairman and Chief Executive Officer:

Open and cancel accounts.- Open and cancel all types of current accounts, savings accounts and time deposits, at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions. Acquire, dispose of, cancel or pledge certificates of deposit. Lease and cancel safe deposit boxes at banks and other financial institutions.

Make use of accounts.- Sign cheques, acquire bank drafts, buy and sell foreign currency, order transfers, giros and payment orders and, in any form, withdraw amounts from the current accounts and accounts of any other type at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

Make direct debit and credit orders.- Make direct debit and credit orders for payments, charges, bills of exchange and other commercial bills in accounts of any classification open at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

Borrowing.- Arrange, as borrower, credit, loans and financial discounts, collateralised with certificates or invoices of works and services or uncollateralised, or unsecured, at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions, and with any legal or natural person, and establish the interest rate, terms, commissions, covenants and conditions that he freely decides. Receive and return part or all of such loans or credit and postpone and divide them and amend their conditions subsequent. Amend, extend and cancel, totally or partially, the aforementioned credits or loans and, as a means of instrumentation, sign the corresponding agreements or contracts, and issue or endorse, as the case may be, bills of exchange and other documentation that may be necessary. Request, arrange, amend and cancel the opening of letters of credit, both simple and documentary, of any type.

Lending.- Arrange, as lender, credits or loans, with or without collateral, whether in rem or pledge, and establish the interest rate, terms, commissions, covenants and conditions that he freely decides, and, in connection with them, postpone and divide them and amend their conditions subsequent. Amend, extend and cancel, totally or partially, the aforementioned credits or loans and, as a means of instrumentation, sign the corresponding agreements or contracts, and issue or endorse, as the case may be, bills of exchange and other documentation that may be necessary. Request, arrange, amend and cancel the opening of letters of credit, both simple and documentary, of any type.





Endorse certificates.- Endorse or pledge to official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions, certificates of works or services performed that are to be collected from the State, Autonomous Regions or Bodies, Provincial Governments, Island Governments, City Governments or groupings of municipalities or from any other public or private entity.

Make deposits.- Make deposits into accounts of any type.

Collect.- Collect accounts receivable of any amount, origin or nature from the State, Autonomous Regions and Bodies, Provincial Governments, Island Governments, City Governments or groupings of municipalities and any other entity or person, natural or legal, public or private, and sign any necessary receipts or discharges, for the full amount or the amounts received on account, and to receive repayable advances. Assign commercial accounts receivable (factoring).

Collect via nominative documents.- Collect accounts receivable, of any origin or nature, from the State, Autonomous Regions and Bodies, Provincial Governments, Island Governments, City Governments or groupings of municipalities and any other entity or person, natural or legal, public or private, sign any necessary receipts or discharges, for the full amount or the amounts received on account, and receive repayable advances. This power may be exercised only when the payment is made by cheque, promissory note, bill of exchange or other commercial draft issued in the name or to the order of the Company holding the debt claim.

Issue and negotiate commercial drafts.- Issue, draw, negotiate, endorse and collect bills of exchange, drafts and order-letters, and collect and endorse promissory notes, cheques and bankers' drafts, issue redrafts, and protest and request intervention of such commercial bills.

Request statements of account.- Request statements of account from official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

Accept statements of account.- Accept or reject statements of account from official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

Arrange guarantees in favour of the principal.- Request and arrange guarantees in favour of the principal with official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions and insurance companies, through the provision, by those entities, of sureties, guarantees, credit insurance, rights in rem and other guarantees.

Provide Guarantees and Sureties for the Principal and its Investees.- Request and arrange sureties for the principal, and guarantee and secure its investees, before official or private banks, including the Bank of Spain, savings banks and other credit, financial or insurance institutions by means of the constitution, by the aforementioned entities, of technical guarantees, i.e. guarantees in connection with contracts (provisional or definitive guarantees) , guarantees of certificates for procurement of





machinery under work contracts, or the provision of services or supplies, and to that end sign the documents to be freely established between them.

Accept commercial drafts and sign promissory notes.- Accept bills of exchange and other commercial drafts and sign promissory notes.

Constitute and cancel deposits.- Constitute, at the State Cashier's Office and any of its provincial offices, and at any other agency of the State, Autonomous Region, Provincial Government, Island Government, Municipality or grouping of Municipalities, bank or private or public entity, provisional or definitive deposits, in cash, securities, sureties, acknowledged debt claims or any other form, as guarantee for contracts, bids and tenders. Replace any securities that are amortised with others. Collect the amount of the coupon on those securities. Request the refund of sureties, guarantees and deposits, both provisional and definitive, and withdraw both the cash and the sureties, guarantees and securities deposited, and collect any interest on such sureties or guarantees, and cancel, as appropriate, and sign stubs, receipts, discharges and such other public or private documents as may be pertinent in each case.

Pay.- Pay any amounts that are owing, and demand the appropriate receipts, discharges or stubs. Assign management of invoice payment to credit institutions (Confirming).

Bid and tender.- Bid, take part in all types of auctions, competitions, competitive auctions, and any other form of tender. Present, to that end, any proposals, including jointly or jointly and severally with other bidders, whether natural or legal persons, and in the form of an economic interest grouping, temporary joint venture or other form of association. Sign such public or private documents as may be necessary, including plans, designs and any others relating to the tender or bid.

Representation at the opening of sealed bids.- Attend the openings of sealed bids in any type of tender held by public or private entities, be they natural or legal persons, and make, to the tender committee or the body or entity holding the tender, such complaints, reservations and comments as he considers appropriate, and sign the minutes that are drafted.

Contract the execution of work, provision of services and sale of supplies.- Enter into contracts, assign them and amend, terminate and, as the case may be, rescind them with any person, whether natural or legal, public or private, State, Autonomous Regions and Bodies, Provincial Governments, Island Governments, City Governments or groupings of municipalities, provided that such contracts are for the purpose of the execution or provision, by the principal, of any type of work, service or supply and contracts of any type relating to administrative concessions, leases and agreements. Accept any type of adjudication made to the principal. Negotiate, pact and agree on different, amended or additional prices. Apply for the definitive settlement of contracts.

Staking out of works.- Appear at checks of the staking out and reception of works, whether provisional or definitive, regardless of their nature and the contracting party, be it a natural or legal person, public or private, State, Autonomous Regions and Bodies, Provincial Governments, Island Governments, City Governments or groupings of municipalities, or private individuals, and sign such documents and minutes as may





be necessary or advisable and make statements and reservations when he deems it appropriate.

Buy and contract.- Contract, amend, terminate and, as appropriate, rescind the acquisition and supply of materials or installations and the provision of services, and the execution of all types of works or part of them and the provision of services by third parties.

Supply of water, electricity and telephone.- Arrange the supply and connection of water, gas, electricity and telephone with the supply companies.

Insurance.- Contract, amend, surrender, pledge, terminate, rescind and settle insurance of all types, sign the policies and contracts with the insurance companies in the conditions that he considers appropriate, and collect any corresponding indemnities from the insurance companies.

Foreign trade licences.- Make any type of petition to official bodies for concessions, permits or licences for imports and exports, without any limitation, and, in connection with such concessions, permits and licences, present documents, participate in proceedings, receive notifications and present appeals.

Receive correspondence.- Receive all types of correspondence, insured shipments, giro and packages. Withdraw from customs and shipping and railway companies any goods, packages, envelopes or other shipments, and make complaints where appropriate.

Sign correspondence.- Sign postal, telegraphic or any other form of correspondence.

Issue certificates.- Issue itemised value lists and certificates of works and services performed.

Collective bargaining.- Negotiate and sign collective labour agreements in any scope.

Labour relations.- Open workplaces, enter into, amend, extend, terminate and rescind labour contracts, establish the economic, working and any other conditions he deems appropriate with the staff. Sign the corresponding employment contracts. Initiate investigations and adopt disciplinary measures. Perform, before the Labour Ministry, Social Security agencies, employment offices, unions and other bodies all manner of proceedings, actions and procedures, and present and sign such writs, petitions and documents as may be necessary. Act before the Labour Inspectorate in any proceeding or investigation by or with the latter.

Labour proceedings.- Appear before labour courts, higher courts of justice, the national appeals court, supreme court and any other administrative or jurisdictional body in labour matters. Hold acts of reconciliation, with or without a settlement. Compromise in issues or disputes, present petitions, documents and writs, as complainant or defendant, and he is expressly empowered to reply to interrogatories, and ratify replies given to interrogatories and in any other actions and proceedings as may be necessary to this end, and take such other actions as he considers appropriate.





Develop and divide plots of land.- Develop and divide estates, apply for approval of development plans and newly-built subdivisions, divisions and regroupings and accept them and, generally, participate in any actions envisaged under the Land and Urban Planning Act and complementary legislation and under municipal bylaws. Assign realty under any title for development purposes. Mark limits and divisions, make groupings, aggregations, segregations and divisions of properties. Request entries in the land register, inscriptions of excesses and shortfalls, and rectification of boundaries, new descriptions and all types of registry entries. Request construction permits, make declarations of new construction, construct buildings as condominiums or in any other form of joint ownership, establish owners' shares and draw up any internal regulations and bylaws. Divide commons and accept adjudications.

Rights in rem on realty.- Constitute, accept, amend, redeem and extinguish mortgages, usufructs, liens, easements and any type of right in rem on realty.

Lease realty from third parties.- As lessee, arrange the lease of all types of realty, even if the lease is susceptible to registration in the Property Register, and extend, assign, amend, challenge, terminate and, if appropriate, rescind the corresponding contracts.

Lease realty to third parties.- As lessor, lease all types of realty, even if the lease is susceptible to registration in the Property Register. Grant, extend, amend, challenge, terminate and, if appropriate, rescind the corresponding contracts. Evict tenants, rural tenants and lessees.

Financial leases of realty.- Enter into, assign, amend, terminate and, as appropriate, rescind contracts with any person, natural or legal, public or private, provided that such contracts are for the purpose of financial leases in connection with realty.

Purchase and sale of vehicles and chattels.- Buy, sell, retract, swap and, by any other means, acquire or dispose of, outright or conditionally, for a deferred price, declared price or cash, any type of personalty (except the purchase and sale of shares in companies) and vehicles, without exception. Pay or collect, as the case may be, the price of the acquisitions or disposals. Constitute or accept rights in rem as guarantee and express conditions subsequent on such personalty or vehicles and, in the case of sale, accept any type of guarantee that it is possible to constitute as surety of the deferred price for the disposal of such personalty or vehicles.

Determine of his own free will, freely and without any let or hindrance, the conditions under which the aforementioned acquisitions, disposals and swaps are to be made and, to that end, perform before the motor vehicle authorities, tax authorities, city governments, customs and other public and private agencies, without exception, all types of proceedings, formalities and acts.

Lease vehicles and personalty from third parties.- As lessee, arrange the lease of all types of vehicles and personalty and grant, extend, amend, challenge, terminate and, if appropriate, rescind the corresponding contracts.





Lease vehicles and personalty to third parties.- As lessor, arrange the lease of all types of vehicles and personalty, and grant, extend, amend, challenge, terminate and, if appropriate, rescind the corresponding contracts.

Financial leases of personalty.- Enter into, assign, amend, terminate and, as appropriate, rescind contracts with any person, natural or legal, public or private, provided that such contracts are for the purpose of financial leases in connection with personalty.

Rights in rem on personalty.- Constitute, accept, amend, redeem and extinguish mortgages, pledges, usufructs and any type of right in rem on personalty.

Purchase debt claims and other intangible rights.- Buy or otherwise acquire, for cash or deferred payment, and in the conditions that he considers appropriate, all types of debt claims and other intangible rights, provided that such debt claims or rights are not represented by securities certificates or book entries.

Sell debt claims and other intangible rights.- Sell, dispose of, pledge or otherwise encumber or transfer, for cash or deferred payment, and in the conditions that he considers appropriate, all types of debt claims and other intangible rights, provided that such debt claims or rights are not represented by securities certificates or book entries.

Incorporate companies.- Incorporate companies under civil or mercantile law. Subscribe shares, debentures or equity shares and pay amounts in cash or kind of any sort. Waive the pre-emptive subscription right in the issuance of shares, debentures and equity shares. Accept exchanges, conversions and redemptions. Approve, accept and amend Articles of Incorporation and shareholder agreements with respect to the relations among them and between them and the company, supplement, replace or amend the content of the rights and obligations of the shareholders deriving from the Articles of Incorporation. Appoint, accept, resign, remove and delegate positions of representative, administrator, manager and attorney-in-fact, and in each case determine the powers, and appoint managers, members of governing bodies and other officers, with the power to designate, remove and delegate in third parties as representatives of the principal in the exercise of the functions of the office to which he is appointed.

Establish temporary joint ventures and other associations.- Constitute, extend, amend, transform, dissolve and liquidate associations, economic interest groupings, temporary joint ventures and associations of any other type. Subscribe equity shares and pay amounts in cash or kind of any sort. Waive the pre-emptive subscription right in the issuance of equity shares. Accept exchanges, conversions and redemptions. Approve, accept and amend Articles of Incorporation and shareholder agreements with respect to the relations among them and between them and the association, supplement, replace or amend the content of the rights and obligations of the shareholders deriving from the Articles of Incorporation. Appoint, accept, resign, remove and delegate positions of representative, administrator and manager, and designate, remove and delegate in third parties as representatives of the principal in the exercise of the functions of the office to which he is appointed.





Representation before governing bodies of Companies and other Associations.- Attend and vote at Shareholders' Meetings, whether ordinary, extraordinary or universal, and exercise all the rights and fulfil all the obligations inherent to the status of shareholder. Approve or challenge corporate resolutions, as appropriate.

Attend and vote at meetings of Boards of Directors, committees and any other governing body of companies, temporary joint ventures, economic interest groupings or associations of any type, and approve or challenge, as appropriate, the decisions that are adopted.

Hold offices and commissions for which he is appointed in the governing bodies of companies, temporary joint ventures, economic interest groupings and associations of any other type, and exercise all the rights and fulfil all the obligations inherent to those positions.

Representation.- Represent the principal in proceedings, appeals, investigations and complaints of any type and amount before the Central Government, Autonomous Communities, Provinces, Provincial governments, Island governments, municipal governments and groupings of municipalities, courts, tribunals, prosecutors and, generally, any other jurisdictional body and, in them, present, pursue and terminate, as plaintiff, respondent or in any other capacity, any type of proceeding, act of reconciliation, trial or procedure, be it civil, criminal, administrative, economic-administrative, contentious-administrative, governmental, or tax related, at all levels, jurisdictions and instances. Make petitions and take actions and enter objections in any proceeding, process or appeal, including motions to vacate and extraordinary appeals. Where required, personally ratify and respond to interrogatories by the parties' attorneys and generally take such judicial and extra-judicial action as may be supplementary to the proceeding in question. Present, pursue and withdraw appeals of all sorts as may be appropriate against decisions by the State, Autonomous Regions, Provinces, Provincial Governments, Island Governments, City Governments and groupings of municipalities or corporations or bodies, both public and private, that violate or may violate in any way the rights of the principal, and give such declarations and grant such documents as may be required to exercise those powers.

Appear before entities of any type and, before them, sign and pursue such proceedings, writs, petitions, requests and documents as may be necessary.

Compromising.- Compromise in any type of issue or dispute, and withdraw suits and appeals, under the conditions, pacts and obligations that he considers appropriate. This does not include compromises that imply the acquisition or disposal of realty or rights in rem. Agree, compromise and pact any type of debt claim, right, action, dispute or difference.

Arbitration.- Submit any disputes and differences to arbitration. Grant the instrument appointing arbitrators, establishing the matters submitted for resolution in the terms and conditions as he sees fit. Accept the arbitration decision or file legal appeals and generally do and grant all that the law allows in the matter of arbitration.

Empower attorneys and lawyers.- Grant powers to attorneys and lawyers with general powers for litigation or special procedural powers as he sees fit, including the power to subdelegate, and revoke such powers as he sees fit.





Accept acknowledgements of debts and accord and satisfaction.- Accept acknowledgements of debts made by third parties and the guarantees that are offered and established, including pledges, chattel mortgages, mortgages and antichresis, or the adjudication of realty and personalty, establishing, in any event, the pacts, clauses and conditions that he sees fit. Accept, as payment of debts, any type of personalty, realty and rights for their appraised value or the value that he freely accepts and in the conditions that he considers appropriate.

Attend creditors' meetings.- Participate on behalf of the company, exercising all its rights, in meetings of creditors regulated under the Insolvency Act 22/2003, of 9 July, and, in particular, designate, where the company itself is appointed as receiver by one-third of creditors, a professional who meets the legal conditions for appointment by the insolvency judge, in accordance with article 27 of the Act, and adhere to the proposals for agreements and attend, speak and vote at creditors' meetings, accepting or rejecting the proposed agreements and guarantees offered to secure the debt claims, in accordance with articles 103, 108 and 121 and matching articles of that Act, and participate in the execution of the agreement and, where appropriate, the liquidation of the debtor. In general, for all the foregoing, exercise the actions and rights to which he is entitled and the powers granted to creditors by the Act.

Request notarial certificates.- Request notarial certifications of any type. Request proceedings to establish ownership, restore chain of title, and release from liens and public instruments. Make, accept and respond to notarial notices and summonses. Sign instruments for clarification, rectification or correction of errors.

Tax returns.- Sign returns, settlements, lists and any other form of a tax nature.

Purchase marketable securities.- Buy or otherwise acquire, for cash or deferred payment, and in the conditions that he considers appropriate, public notes, debentures, bonds, equities, certificates and securities. Justify their acquisition and possession and receive them. Make and present declarations.

Sell marketable securities.- Sell, dispose of, pledge or otherwise encumber and transfer, for cash or deferred payment, and in the conditions that he considers appropriate, public notes, debentures, bonds, equities, certificates and securities. Convert, exchange and deliver them, make declarations and present claims.

Purchase own shares.- While complying with the requirements of article 75 and additional provision one of the Consolidated Text of the Public Corporations Act and within the limits and conditions established by the General Shareholders' Meeting that gave its authorisation, buy or otherwise acquire, for cash or instalments, own shares of the principal.

Sell own shares.- Sell, dispose of, pledge or otherwise encumber or transfer, for cash or instalments, and in the conditions that he considers appropriate, own shares of the principal.

Provide sureties and guarantees for third parties.- Provide sureties and guarantees for third parties and give, in the name of the principal, any type of guarantee, including mortgages and pledges.





Purchase realty.- Buy, recover or otherwise acquire, outright or conditionally, for a deferred price (which may be represented by bills of exchange) , received price or cash, any type of realty and rights in rem. Give and cancel the guarantees in rem that he considers appropriate as collateral for the deferred price, including mortgages on the acquired asset and express conditions subsequent, or any combination of these or other guarantees. With respect to the guarantees offered, establish formulas of cancellation that are automatic or require unilateral action by the buyer, accept, amend and exercise purchase options on realty and other rights in rem.

Sell units of realty.- Sell, exchange or otherwise dispose of, outright or conditionally, for a deferred price, received price or cash, any type of realty and rights in rem. Accept the personal and real collateral that he considers appropriate as surety for the deferred price, including pledges, mortgages and express conditions subsequent, or any combination of these or other guarantees. Collect the deferred price, issue receipts and cancel the guarantees. With respect to the guarantees received, establish formulas of cancellation that are automatic or require unilateral action by the buyer. Grant, amend and waive purchase options on realty and other rights in rem.

Sell real estate developments.- Sell homes, business premises, offices, store rooms, parking spaces and any other unit of real estate, setting the price, form of payment and any interest that he sees fit.

Delegation of powers.- Delegate any or all of the foregoing powers to the persons he considers appropriate. Limit, constrain or modify the content of any such powers in the cases and ways that he sees fit. Revoke the powers granted, regardless of the person or organ of the company to which they were granted, even if they were granted by the Board of Directors or by the directors or the Executive Committee, if any, and the attorney-in-fact will retain each and every one of the powers that he delegates.

In connection with the possibility of issuing and repurchasing shares, as described above, he may, solely with his signature:

- sell and buy own shares
- buy and sell marketable securities

B) The following powers (not delegation of faculties) have been granted to director Mr Felipe Bernabé García Pérez, in his capacity as General Secretary:

Powers that he may exercise with his signature alone:

- Representation at the opening of sealed bids.
- Supply of water, electricity and telephone.
- Foreign trade licences.
- Receive correspondence.
- Sign correspondence.
- Lease real estate from third parties.
- Establish rights in rem on movable property
- Establish companies
- Establish temporary joint ventures and other associations





- Represent the company before governing bodies of companies and other associations
- Representation.
- Compromising.
- Arbitration.
- Empower attorneys and lawyers.
- Accept acknowledgements of debts and accord and satisfaction.
- Attend creditors' meetings.
- Request notarial certificates.
- Tax returns.

Powers that he may exercise jointly with another authorised signatory with the same powers:

- Buy and contract.
- Insurance.
- Rights in rem on realty.
- Lease realty to third parties.
- Financial leases of realty.
- Purchase or sale of vehicles and movable property
- Lease vehicles and personalty from third parties.
- Lease vehicles and personalty to third parties.
- Financial leases of personalty.

**h) Significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects, except where disclosure would be seriously detrimental to the company. This exception will not be applied where the company is legally obliged to publish this information.**

None.

**i) Agreements between the company and its officers, executives and employees that provide indemnities for the event of unfair dismissal or of termination as a result of a takeover bid.**

The company has not established pension plans to supplement those of Social Security. In accordance with the Consolidated Text of the Act Regulating Pension Plans and Funds, in specific cases where there are similar obligations, the company will outsource commitments to its personnel in this connection.

Additionally, having first obtained authorisation from the Executive Committee, the Company arranged and paid the premium for insurance covering death, permanent disability, retirement bonuses and other items for some executive directors and executives, among others. In particular, the contingencies giving rise to indemnity are those that entail the extinction of the employment relationship for any of the following reasons:

- a) Unilateral decision by the employer.





- b) Dissolution or disappearance of the parent company for any other reason, including merger or demerger.
- c) Death or permanent disability.
- d) Other cases of physical or legal incapacity.
- e) Substantial modification of professional conditions
- f) Resignation, upon reaching the age of 60, at the executive's request and with the company's consent.
- g) Resignation upon reaching the age of 65, by unilateral decision of the executive.





**REPORT ON THE DIRECTOR REMUNERATION POLICY OF FOMENTO DE  
CONSTRUCCIONES Y CONTRATAS, S.A.**

**(2010 AND ALLOCATION CORRESPONDING TO 2009)**

**SUMMARY**

**I. INTRODUCTION.**

**II. PROCESS OF DRAFTING THE REPORT.**

**III. OBJECTIVE AND STRUCTURE OF THE REMUNERATION POLICY.**

**IV. DIRECTOR REMUNERATION FOR MEMBERSHIP OF THE BOARD OF DIRECTORS.**

**V. REMUNERATION OF EXECUTIVE DIRECTORS FOR DISCHARGING EXECUTIVE DUTIES.**

**1. Remuneration structure.**

**2. Basic conditions of the contracts of Executive Directors.**

**I. INTRODUCTION.**

In accordance with article 37 of the Articles of Incorporation and article 32 of the Rules of the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereafter, the Company, or FCC), the Board of Directors must distribute among its members the remuneration decided upon at the General Meeting of Shareholders and draft a report on the directors' remuneration policy for the current year and for future years, as the case may be, to be made available to shareholders from the date of notice of the General Meeting of Shareholders.

That report must address the various aspects referred to under article 32 of the Rules of the Board of Directors, except those potentially entailing the disclosure of commercially sensitive information, while also referring to the role of the Appointments and Remuneration Committee in designing the remuneration policy.

The Board of Directors, at its meeting on 21 April 2010, approved this report on the remuneration policy for 2010.

**II. PROCESS OF DRAFTING THE REPORT.**

Every member of the Board of Directors participated actively in drafting this report, under the supervision and organisation of its Chairman, taking account of the comments and suggestions of the other members.





In particular, the Board has had the support and counsel of the Appointments and Remuneration Committee which, under article 42.3 f) of the Rules of the Board of Directors, has the power to make proposals to the Board as regards Director remuneration policy, remuneration for Executive Directors and the other conditions of their contracts.

The Board of Directors also had information and advice from the Company's own department, no advice having been received from external consultants in this connection.

The Board also considered data regarding remuneration paid in the market by companies of a similar size and activity, and the recommendations and indications regarding the remuneration structure for directors contained in the Unified Code of Good Corporate Governance published by the Comisión Nacional del Mercado de Valores.

### **III. OBJECTIVE AND STRUCTURE OF THE REMUNERATION POLICY.**

Under article 37 of the Articles of Incorporation, the remuneration policy for FCC directors considers the functions and responsibilities of each of them as a member of the Board and its Committees, and is commensurate with the dedication of each one to the Company, with a view to motivating and retaining the most qualified professionals.

Accordingly, the remuneration policy for Directors seeks to ensure that they receive a competitive market remuneration that is in line with the remuneration paid in the market by companies of similar size and activity and it is reviewed periodically by the Appointments and Remuneration Committee so that the latter may propose any appropriate amendments to the Board of Directors.

The remuneration policy must respect the criteria stipulated in article 32.2 of the Rules of the Board of Directors.

- (i) external directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence;
- (ii) remuneration comprising the delivery of shares in the Company or other companies in the Group, share options or other share-based instruments, variable remuneration linked to the Company's performance or membership of pension schemes should be confined to executive directors except where directors are obliged to retain the shares until the end of their tenure;
- (iii) in the case of remuneration linked to Company earnings, they should take account of any qualifications in the external auditor's report that lead to a reduction in such earnings; and
- (iv) in the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.





#### IV. DIRECTOR REMUNERATION FOR MEMBERSHIP OF THE BOARD OF DIRECTORS.

In accordance with article 37 of the Articles of Incorporation, the Board of Directors of FCC must distribute among its members the remuneration decided upon by the General Meeting of Shareholders, which must consist of a share of the net profits which must not be less than 2% of income for the financial year; that amount may include fixed remuneration as well as per diems, variable remuneration and benefit schemes.

Directors' remuneration is structured as follows:

- Fixed annual remuneration for membership of the Board: Directors receive a fixed annual remuneration for discharging their duties as members of the Board of Directors, equivalent to 1 module.
- Fixed supplementary amount for membership of the Executive Committee: Directors who are members of the Executive Committee also receive a supplementary fixed annual amount equivalent to 2/3 of a module.
- Supplementary fixed amount for membership of the Audit and Control Committee and the Appointments and Remuneration Committee: Members of these Committees also receive 50% of a module for each Committee of which they are a member.

The various remuneration items received by members of the Board for discharging their duties in 2009 will be based on a module of 66,720 euro, the same as in 2007 and 2008. Accordingly, the detail of remuneration is as follows:

- Directors will receive a fixed annual remuneration of 66,720 euro ("*module*") for membership of the Board.
- Members of the Executive Committee will also receive 2/3 of a module.
- Members of the Audit and Control Committee and the Appointments and Remuneration Committee will receive 50% of a module for each Committee to which they belong.

| REMUNERATION                                                                         | TOTAL IN EURO |
|--------------------------------------------------------------------------------------|---------------|
| For membership of the Board                                                          | 66,720        |
| Membership of the Executive Committee                                                | 44,035        |
| Membership of the Audit Committee and/or the Appointments and Remuneration Committee | 33,360        |

Applying these rules to each member of the Board of Directors and considering the time for which they discharged their respective duties during 2009 in the Board and in the various Committees, total remuneration for 2009 is 2,039,779 euro. This figure represents 0.66% of FCC's consolidated profit, i.e. far below the 2% limit established under article 37 of the Articles of Incorporation.





For 2010, Director remuneration for membership of the Board and its Committees will be structured in the same manner as in 2008 and 2009, based on a fixed annual amount for each remuneration item (directorship, Chair, membership of the Executive Committee, membership of the Audit and Control Committee, membership of the Appointments and Remuneration Committee) which will be linked to a specific amount called a "module".

In view of the current economic situation, the 2010 module is expected to be frozen at the same level as in the past three years.

## **V. REMUNERATION OF EXECUTIVE DIRECTORS FOR DISCHARGING EXECUTIVE DUTIES.**

### **1. Remuneration structure.**

Under article 37 of the Articles of Incorporation, director remuneration for board members will be compatible with the other waged, service or professional remuneration paid to the board members for the performance of their duties, whether managerial, executive, advisory or of any other nature, other than the directors' functions of supervision and collective 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.

Accordingly, without prejudice to the remuneration they receive as Board members, Executive Directors are remunerated for discharging executive or senior management duties attributed to them on the basis of a fixed annual amount and a variable component in line with market conditions in the industries in which the Company operates.

The Annual Corporate Governance Report (section B.1.11) and the Notes to Financial Statements (Notes 21 and 29 in the separate and consolidated financial statements, respectively) for 2009 supplement and detail this information on Director remuneration.

The Board of Directors has agreed to maintain, in 2010, the structure of the remuneration paid to those directors for discharging their executive duties, which will be structured as a fixed amount for duties and responsibilities assumed due to their posts and a variable remuneration depending on the earnings obtained by the company and achievement of the goals set in the Company's new Strategic Plan.

### **2. Basic conditions of the contracts of Executive Directors.**

Without prejudice to their status as Directors, the two Executive Directors (the Chairman/CEO and the General Secretary) have a contractual relationship with the company which regulates the performance of their executive or management duties.

These contracts are for an indefinite length of time and are generally subject to the regulations governing contracts for the provision of services. These contracts may be terminated by either party, and these directors are entitled to receive compensation in the following terms provided that the termination of the contractual relationship was not due to breach of duties on the part of the Director or to voluntary resignation:





- Chairman and CEO: the equivalent of 3 times the annual salary, if termination takes place before 31 December 2015. After that date, the indemnity provided by law for senior management (7 days' salary per year, capped at six months' salary).
- General Secretary: the equivalent of 3.5 times the annual salary.

For the duration of the contract and for a period thereafter that is established in the contract itself, directors are bound by a duty not to compete in the activities carried out by the Company and companies in its Group, and they are forbidden to hold, directly or through interposed parties, other contracts of a labour, civil or mercantile nature with other companies that perform activities similar to those performed by the FCC Group.

The contracts also establish a duty of confidentiality which applies for the duration of the contract and for a period thereafter that is established in the contract itself; upon termination of the relationship, Executive Directors must return all documents in their possession to FCC, regardless of the medium (paper, software, etc.).

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