

**REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. ON THE AMENDMENT OF ARTICLE 28 OF THE BYLAWS TO ESTABLISH A MINIMUM OF NINE (9) AND A MAXIMUM OF FIFTEEN (15) MEMBERS OF THE BOARD OF DIRECTORS; THE SPECIFIC NUMBER OF MEMBERS WILL BE AGREED AT THE GENERAL SHAREHOLDERS' MEETING.**

The present report is issued by the Board of Directors of Fomento de Construcciones y Contratas, S.A. (the "**Company**" or "**FCC**") pursuant to article 286 of the consolidated text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of July 2 (the "**Corporate Enterprises Act**"), by virtue of which the Board of Directors must prepare a report justifying the proposed amendment to the bylaws, which is submitted to the General Shareholders' Meeting for approval.

In this regard, it is proposed to amend the first section of article 28 of the bylaws to establish a minimum of nine (9) and a maximum of fifteen (15) members of the board of directors; the specific number of members will be agreed at the General Shareholders' Meeting.

***Justification of the proposal***

The purpose of the proposal submitted to the General Shareholders' Meeting is to provide greater flexibility to the Company's General Shareholders' Meeting when determining the number of members of the Board of Directors, establishing the number of directors in a number between at least nine (9) and a maximum of fifteen (15). In this sense, article 28 of the Company's bylaws currently contemplates that the Board of Directors will be made up of a fixed number, i.e., fifteen members.

This proposal is covered by the provisions of article 242 of the Corporate Enterprises Act and 124 of the Regulations of the Mercantile Registry, approved by Royal Decree 1784/1996, of 19 July, which establish that the statutes may set the maximum and the minimum number of members of the Board of Directors; the specific number of members will be agreed at the General Shareholders' Meeting.

Therefore, the amendment of the bylaws proposed to the General Shareholders' Meeting would allow the Company to give greater flexibility to the General Shareholders' Meeting when having to appoint or re-elect new members of the Board of Directors, in addition to adopting a mechanism contemplated by the Corporate Enterprises Act and widely established among Spanish listed companies, thus being able to adapt the composition of the board of directors to the needs of the Company at all times, without the need to successively amend the bylaws.

Consequently, it is proposed to the General Shareholders' Meeting to amend section 1 of article 28 of the bylaws, which, from now on and all of which expressly supersede its previous content, will have the following wording:

*"The Board of Directors will be made up of a minimum of nine (9) and a maximum of fifteen (15) members. The General Shareholders' Meeting shall be responsible for determining the specific number of its members, i.e., the minimum and maximum number of members, as mentioned above".*



In the same sense, and as a consequence of the agreement to amend the bylaws, it is proposed, as a separate item on the agenda, that the General Shareholders' Meeting establishes the number of members of the Company's Board of Directors to fourteen (14), within the minimum and maximum number determined in the bylaws.

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