

REPORT FROM THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. REGARDING THE PROPOSAL UNDER ITEM 6 OF THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS CONVENED ON 31 MAY 2012, AT FIRST CALL, AND 1 JUNE AT SECOND CALL (PROPOSAL TO AMEND THE RULES OF THE GENERAL MEETING OF SHAREHOLDERS)

1. Purpose of the report

This report is drawn up by the Board of Directors on 12 April 2012 in support of the proposal to amend the Rules of the General Meeting of Shareholders of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the "**Company**") submitted to the Ordinary General Meeting of Shareholders convened for 31 May 2012, at 16:00 hours, at first call, and for 31 June 2012, at the same time, at second call, under item 6 of the agenda.

In order for the motion to be submitted for approval to the General Meeting of Shareholders, as provided in article 512 of the Consolidated Text of the Capital Companies Act (hereinafter, the "**Capital Companies Act**"), the Board of Directors of the Company is required to draft this written report justifying the proposal.

2. Justification of the proposal

The Board considers it appropriate to amend the Rules of the General Meeting of Shareholders of the Company, with the primary aim of adapting to the recent legislative amendment introduced in the Consolidated Text of the Capital Companies Act by Act 25/2011, of 1 August, partly amending the Capital Companies Act and transposing Directive 2007/36/EC of the European Parliament and the Council of 11 July on the exercise of certain rights of shareholders in listed companies. It also proposes to introduce a number of technical improvements and measures for harmonisation with other internal regulations of the Company, particularly the Articles of Incorporation.

- It is proposed to adapt the wording of the following articles to the provisions of the Capital Companies Act: Article 1 (General Meeting of Shareholders); Article 4 (Announcement of the General Meeting of Shareholders); Article 5 (Meeting Announcement); Article 6 (Information available as soon as the General Meeting is announced); Article 7 (Right to Information prior to the General Meeting of Shareholders); Article 8 (Proxies); Article 11 (Constitution of the General Meeting of Shareholders); Article 16 (Passage of resolutions and proclamation of results); Article 19 (Publication of resolutions).
- It is also proposed to amend various articles in order to incorporate technical improvement or harmonise them with other internal rules of the Company, in particular the Articles of Incorporation: Article 3 (Functions of the General Meeting of



Shareholders); Article 4 (Announcement of the General Meeting of Shareholders); Article 9 (Right to attend, obligation to attend); Article 11 (Constitution of the General Meeting of Shareholders); Article 15 (Voting on Proposals); and Article 15 bis (Voting by means of distance communication).

Attached as an annex to this report, for comparison purposes, is the text of the articles in the Rules of the General Meeting of Shareholders whose amendment is proposed, in two columns, with the current wording and proposed wording, highlighting the amendments.

Madrid, 12 April 2012.



ORIGINAL WORDING	PROPOSED WORDING
<p>Article 1. General Meeting of Shareholders</p> <p>1. The General Meeting of Shareholders is the supreme decision-making body of the Company on the matters falling under its jurisdiction.</p> <p>2. The decisions of the duly-constituted General Meeting, passed in accordance with the terms of the Articles of Incorporation, these Rules and other applicable laws, shall be binding upon all shareholders, including absentees, dissidents and abstainers, without prejudice to the rights and remedies available to them under the law.</p>	<p>Article 1. General Meeting of Shareholders</p> <p>1. The General Meeting of Shareholders is the supreme decision-making body of the Company on the matters falling under its jurisdiction.</p> <p>2. The decisions of the duly-constituted General Meeting, passed in accordance with the terms of the Articles of Incorporation, these Rules and other applicable laws, shall be binding upon all shareholders, including absentees, dissidents and abstainers, without prejudice to the rights and remedies available to them under the law.</p> <p>3. The Company shall at all times guarantee equal treatment of all shareholders that are in the same position with regard to information, participation and voting in the General Meeting of Shareholders.</p>
<p>Article 3. Functions of the General Meeting of Shareholders</p> <p>The General Meeting of Shareholders will decide on the matters falling under its jurisdiction according to the law and to the Articles of Incorporation, including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. The appointment and removal of directors, liquidators and auditors, and the presentation of shareholder derivative suits against any of them. 2. Approval, if appropriate, of the parent company and consolidated financial statements for the previous year and of the application of the previous year's income. 3. Capital increases and reductions. 4. Bond issues. 5. Amendments to the Articles of Incorporation. 6. Dissolution, merger, demerger, assignment en bloc of the assets and liabilities, change of corporate form, and transfer of the domicile to another country. 7. 8. Approval and amendment of these Rules. 9. Overriding or limitation of the pre- 	<p>Article 3. Functions of the General Meeting of Shareholders</p> <p>The General Meeting of Shareholders will decide on the matters falling under its jurisdiction according to the law and to the Articles of Incorporation, including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. The appointment and removal of directors, liquidators and auditors, and the presentation of shareholder derivative suits against any of them. 2. Approval, if appropriate, of the parent company and consolidated financial statements for the previous year and of the application of the previous year's income. 3. Capital increases and reductions. 4. Issues of bonds and other marketable securities. 5. Amendments to the Articles of Incorporation. 6. Dissolution, merger, demerger, assignment en bloc of the assets and liabilities, change of corporate form, and transfer of the domicile to another country. 7. Authorisation to acquire own share within the legal limits. 8. Approval and amendment of these



<p>emptive subscription right.</p> <p>10. Approval of the final liquidation balance sheet.</p> <p>Any other matter falling under the competence of the General Meeting, either legally or in the Articles of Incorporation, may be addressed in an ordinary or extraordinary session subject to fulfilment of all applicable legal requirements.</p>	<p>Rules.</p> <p>9. Overriding or limitation of the pre-emptive subscription right.</p> <p>10. Approval of the final liquidation balance sheet.</p> <p>Any other matter falling under the competence of the General Meeting, either legally or in the Articles of Incorporation, may be addressed in an ordinary or extraordinary session subject to fulfilment of all applicable requirements of the law or these Articles.</p>
<p>Article 4. Announcement of the General Meeting of Shareholders</p> <p>1. Without prejudice to the provisions of the Capital Companies Act with respect to the Universal General Meeting and the possibility of calling a General Meeting by court order, the Board of Directors is the body entrusted with giving notice of the General Meeting of Shareholders:</p> <ol style="list-style-type: none"> a) Sufficiently in advance to permit it to be held during the first six months of the year, in the case of ordinary general meetings. b) Whenever the Board of Directors considers it to be in the company's best interest, in the case of extraordinary general meetings. c) When requested in a notarised instrument by shareholders possessing at least five percent of the share capital, indicating in the request the business to be transacted at the meeting. In this case, the General Meeting shall be held within thirty days from the date of the notarised request sent to the directors, and the meeting agenda must necessarily contain the business indicated in the request. d) In all other cases envisaged by law and by the Articles of Incorporation. <p>2. If the General Meeting is not called within the period established by law or in the Articles of Incorporation, it may be called, at the petition of any shareholder, by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors</p>	<p>Article 4. Announcement of the General Meeting of Shareholders</p> <p>1. Without prejudice to the provisions of the Capital Companies Act with respect to the Universal General Meeting and the possibility of calling a General Meeting by court order, the Board of Directors is the body entrusted with giving notice of the General Meeting of Shareholders:</p> <ol style="list-style-type: none"> a) Sufficiently in advance to permit it to be held during the first six months of the year, in the case of ordinary general meetings. b) Whenever the Board of Directors considers it to be in the company's best interest, in the case of extraordinary general meetings. c) When requested in a notarised instrument by shareholders possessing at least five percent of the share capital, indicating in the request the business to be transacted at the meeting. In this case, the General Meeting <i>to be held within two months from the receipt by the Directors of the notarised request, and must necessarily include in the agenda of the meeting the issues referred to in the request.</i> d) In all other cases envisaged by law and by the Articles of Incorporation. <p>2. If the General Meeting is not called within the period established by law or in the Articles of Incorporation, it may be called, at the petition of any shareholder, by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case.</p>



<p>to plead their case. If the directors fail to call a General Meeting at the request of a minority, it may be called by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case. The Ordinary General Meeting of Shareholders shall be valid even if it is convened or held outside the required period.</p>	<p>If the directors fail to call a General Meeting at the request of a minority, it may be called by order of the mercantile judge corresponding to the Company's domicile, after first allowing the directors to plead their case. 3. The Ordinary General Meeting of Shareholders shall be valid even if it is convened or held outside the required period. If a properly notified General Meeting of Shareholders, of any type, cannot be held at first call and no alternate meeting date was envisaged in the notice of meeting, notice must be given of the second call, with the same Agenda and the same publicity requirements as the first call, to be held within the fifteen (15) days following the date of the Meeting that was not held, giving notice at least ten (10) days in advance of the scheduled date.</p>
<p>Article 5. Meeting Announcement 1. General Meetings shall be convened by placing an announcement in the Official Gazette of the Business Register and on the company's website at least one month in advance of the meeting date.</p> <p>The Board of Directors must consider the advisability of publishing the meeting announcement in other media. The announcement will be sent to the National Securities Market Commission on the day it is published.</p> <p>2. The meeting announcement will contain:</p> <ol style="list-style-type: none"> a) The name of the Company, and the place, date and time of the meeting at first call and at second 	<p>Article 5. Meeting Announcement 1. General Meetings shall be convened by placing an announcement in the Official Gazette of the Business Register or in one of the newspapers with the largest circulation in Spain, on the company's website and on the website of the National Securities Market Commission at least one month in advance of the meeting date.</p> <p>Nevertheless, an Extraordinary General Meeting of Shareholders may be announced with at least fifteen days' advance notice. This reduction of the notice period shall require an express decision by the Ordinary General Meeting of Shareholders by at least two-thirds of the subscribed voting capital, and the decision may not be valid beyond the date of the next Ordinary General Meeting of Shareholders.</p> <p>The Board of Directors must consider the advisability of publishing the meeting announcement in other media.</p> <p>2. The meeting announcement will contain:</p> <ol style="list-style-type: none"> a) The name of the Company, and the place, date and time of the meeting at first call and at second call; there must be at least twenty-four hours between



<p>call; there must be at least twenty-four hours between the times of first and second call.</p> <p>b) The agenda of the General Meeting of Shareholders, written clearly and precisely and including the business to be transacted at the meeting, drafted so as not to prevent issues which are substantially independent from being voted on separately, in order that the shareholders may express their preferences separately.</p> <p>c) The requirements for attending the General Meeting and for accrediting the right to attend.</p> <p>d) The right of shareholders to be represented at the meeting by a proxy, who need not be a shareholder, and the requirements and procedures for exercising this right.</p> <p>e) Shareholders' right to information and the procedures for exercising this right.</p> <p>4. When each General Meeting is announced, the Board of Directors will evaluate whether there are distance communication methods available that permit the shareholders to vote and/or delegate their votes remotely, while duly guaranteeing the identity of the shareholder exercising the right to vote or, in the case of a proxy, the identity of the principal and proxy, and whether the use of such methods is feasible. If the Board of Directors determines that such methods are available and can be used, it shall mention this in the announcement, specifying the communication methods that shareholders may use to exercise their right to be represented, vote or delegate their vote, and attend. It shall also contain the deadlines, forms and ways in which shareholders can attend the Meeting by electronic or telematic means, where this possibility is allowed.</p>	<p>the times of first and second call.</p> <p>b) The agenda of the General Meeting of Shareholders, written clearly and precisely and including the business to be transacted at the meeting, drafted so as not to prevent issues which are substantially independent from being voted on separately, in order that the shareholders may express their preferences separately.</p> <p>c) The date by which shareholders must have their shares on record in order to be able to participate and vote at the General Meeting of Shareholders, and the means of accrediting share ownership to the Company.</p> <p>d) The place and form in which the full text of the documents and motions may be obtained, and the address of the Company's website where the information will be made available.</p> <p>e) Clear and accurate information on how a shareholder must proceed in order to participate and vote at the General Meeting of Shareholders, particularly the following:</p> <ul style="list-style-type: none"> - The right to request information, to add items to the Agenda and to present motions, and the deadline for exercising such rights. Where it is stated that more detailed information about those rights may be obtained on the Company's website, the announcement may confine itself to stating the deadline. - The system for voting by proxy, particularly stating the forms to be used for granting proxy and the means that must be used for the Company to accept notice of proxy by electronic means. - The procedures established for distance voting, either by postal mail or electronically.
---	--

<p>4. The agenda contained in the announcement shall be determined by the Board of Directors, although shareholders who own at least 5% of capital may request the publication of a supplement to the meeting announcement, adding one or more items to the agenda. The shareholders who wish to exercise that right must send that supplement by certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement to the notice of meeting must be published at least 15 days prior to the date specified for the meeting.</p>	<p>3. The agenda contained in the announcement shall be determined by the Board of Directors, although shareholders who own at least 5% of capital may request the publication of a supplement to the announcement of the Ordinary General Meeting of Shareholders, adding one or more items to the agenda, provided that the new items are accompanied by a justification or a reasoned motion, as appropriate. The shareholders who wish to exercise that right, which shall not apply in an event to Extraordinary General Meetings, must send that supplement by certifiable means to the company's registered offices within five days from publication of the meeting announcement. The supplement to the notice of meeting must be published at least 15 days prior to the date specified for the meeting. If the supplement to the notice is not published by the legal deadline, the Meeting shall be null and void.</p> <p>4. Shareholders representing at least five per cent of capital may, within five days from the date of notice of the Meeting, present reasoned proposals for motions on the items on the agenda or which must be added to the Agenda of the Meeting of which notice has been given. As such proposals and any accompanying documentation are received, the Company must ensure that they are duly distributed among the other shareholders by publishing them without interruption on its website.</p>
<p>Article 6. Information available as soon as the General Meeting is announced As from the date of the meeting announcement, the Company will make available to its shareholders, at its registered offices, at the National Securities Market Commission, on the stock exchanges where</p>	<p>Article 6. Information available as soon as the General Meeting is announced As from the date of the meeting announcement, and until the General Meeting is held, the Company will make available to its shareholders, at its registered offices, at the National Securities Market</p>



<p>its stocks are traded and on the Company's website, the following:</p> <ul style="list-style-type: none"> a) The full text of the announcement. b) The text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda. When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included: (i) professional and biographical profile; (ii) other Boards of Directors to which they have belonged, 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 appointment, ratification or re-appointment has been proposed, or with whom they have ties; (iv) date of their first appointment as a director of the Company, and date of their subsequent appointments; (v) Company shares and share options which they possess. c) The documents or information which by law must be made available to the shareholders on the items on the meeting agenda as from the date of the announcement of the General Meeting of Shareholders. d) Information on the channels of communication between the company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable regulations. e) The rules of the Electronic Shareholder Forum. 	<p>Commission, on the stock exchanges where its stocks are traded and on the Company's website, the following:</p> <ul style="list-style-type: none"> a) The full text of the announcement. b) The total number of shares and voting rights at the date of the notice, broken down by class of shares, if any. c) The full text of all of the motions to be submitted by the Board of Directors in relation to the items on the agenda and any motions presented by shareholders, as they are received. When the proposal consists of the appointment or ratification of directors, the following information with regard to the directors will also be included: (i) professional and biographical profile; (ii) other Boards of Directors to which they have belonged, 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 appointment, ratification or re-appointment has been proposed, or with whom they have ties; (iv) date of their first appointment as a director of the Company, and date of their subsequent appointments; (v) Company shares and share options which they possess. d) The documents or information to be presented at the General Meeting and, in particular, the reports by directors, auditors and independent experts which by law must be made available to the shareholders on the items on the meeting agenda as from the date of the announcement of the General Meeting of Shareholders. e) Information on the channels of communication between the company and its shareholders for the purposes of obtaining information or making suggestions, in accordance with the applicable
--	---



	<p>regulations.</p> <p>f) The means and procedures for granting proxy for the General Meeting and for voting by means of distance communication. In particular, the forms for accrediting attendance and voting by proxy and at a distance at the General Meeting, unless they are sent directly by the Company to each shareholder. In the event that they can not be published on the website for technical reasons, the Company must indicate how to obtain the paper forms, and will send them to any shareholder who requests them.</p> <p>g) The rules of the Electronic Shareholder Forum.</p>
<p>Article 7. Right to Information prior to the General Meeting of Shareholders</p> <p>1. Up to seven calendar days before the first scheduled date for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting.</p> <p>2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so</p>	<p>Article 7. Right to Information prior to the General Meeting of Shareholders</p> <p>1. Up to seven calendar days before the first scheduled date for the Meeting, shareholders may request any information or explanations they require and raise any questions they consider pertinent regarding the items on the agenda or the information accessible to the public reported by the Company to the National Securities Market Commission since the last General Meeting, and about the auditors' report.</p> <p>2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, delivered by hand, post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so</p>



<p>stipulated by law.</p> <ol style="list-style-type: none"> 3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting. 4. The Chairperson may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital. 5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department. 	<p>stipulated by law.</p> <ol style="list-style-type: none"> 3. Once the identity and status of the requesting shareholder is verified, the information requests regulated in this article will be answered up to the date of the General Meeting of Shareholders but prior to the start of the meeting. 4. The Chairperson may refuse to supply the requested information when, in his opinion, the publication of the requested information might be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital. 5. The Board of Directors may empower any of its members, its Secretary and Vice-Secretary to answer shareholders' requests for information through the Stock Market and Investor Relations Department. 6. Without prejudice to what is provided above, the directors shall not be obliged to respond to specific questions from shareholders where the information sought is already clearly and directly available to all shareholders on the Company's website in the form of questions and answers.
<p>Article 8. Proxies</p> <ol style="list-style-type: none"> 1. Shareholders entitled to attend the General Meeting of Shareholders may delegate a proxy to represent them, who may or may not be a shareholder. The representation shall be conferred according to the terms and within the scope established in the Capital Companies Act, in writing, and specifically for each General Meeting, except when the representative is a spouse, ascendant or descendant of the shareholder or holds a general power of attorney granted in a public instrument with powers to administer all of the shareholder's assets in Spain. 	<p>Article 8. Proxies</p> <ol style="list-style-type: none"> 1. Shareholders entitled to attend the General Meeting of Shareholders may delegate a proxy to represent them, who may or may not be a shareholder. Where the shareholder issues voting instructions, the proxy must vote in accordance with them and is obliged to retain such instructions for one year from the date of the corresponding General Meeting. A proxy may represent more than one shareholder, without limitation as to the number. Where a proxy is representing several shareholders, he/she may cast votes for and against a motion based on the voting instructions given by each shareholder. The delegation may also cover items which, though not on the Agenda, may legally be transacted at the General Meeting. In any event, the number of votes that are represented will be counted for the



<p>2. The proxy may also be granted by post, whereby a written document is handed to the Company indicating the representation granted, accompanied by the attendance card issued by the Company or entities responsible for keeping a record of account entries. However, the attendance card itself may suffice when used for the purposes of delegation by post.</p> <p>Representation may also be granted by other means of distance communication provided that they are expressly permitted by the Board of Directors when the General Meeting of Shareholders is announced, which will be publicised in the meeting announcement and on the Company's website.</p> <p>Representation granted by any of the above means of distance communication must be received by the Company at least five (5) hours before the time scheduled for the General Meeting at first call. Otherwise, proxies will not be recognised.</p>	<p>Meeting quorum. Powers of proxy may always be revoked. The shareholder's attendance at the General Meeting of Shareholders constitutes a revocation of the proxy, regardless of the date of the proxy.</p> <p>2. The representation shall be conferred according to the terms and within the scope established in the Capital Companies Act, in writing, and specifically for each General Meeting, except when the representative is a spouse, ascendant or descendant of the shareholder or holds a general power of attorney granted in a public instrument with powers to administer all of the shareholder's assets in Spain.</p> <p>The proxy may also be granted by post, whereby a written document is handed to the Company indicating the representation granted, accompanied by the attendance card issued by the Company or entities responsible for keeping a record of account entries. However, the attendance card itself may suffice when used for the purposes of delegation by post.</p> <p>Representation may also be granted by electronic or other means of distance communication that duly guarantee the identity of the principal and proxy and the security of the electronic communications as determined by the Board of Directors when the General Meeting of Shareholders is announced will be publicised in the meeting announcement and on the Company's website.</p> <p>Representation granted by electronic means shall be subject, as far as possible, to the provisions of article 15 bis of this Regulation with regard to distance voting.</p> <p>Representation granted by any of the above electronic or other means of distance communication must be received by the Company at least twenty-four (24) hours before the time scheduled for the General Meeting at first call. Otherwise, proxies will not be recognised.</p> <p>All the foregoing shall apply to the revocation of proxies.</p> <p>3. The Chairman and Secretary of the</p>
---	---



<p>3. The Chairman and Secretary of the General Meeting of Shareholders will have broad powers to grant the validity of the document or other proof of representation; they may only refuse to recognise that which lacks the minimum necessary requirements, provided that they are irremediable.</p> <p>4. When directors of the Company make a public solicitation of proxies, the rules contained in the Capital Companies Act and in the implementing regulations will apply. In particular, the proxy document must contain the agenda or include it as an annex, as well as the request for instructions on how to exercise the right to vote and indicating how the proxy should vote in the absence of specific instructions. The proxy may also include items that, although not provided for on the agenda of the meeting, can be dealt with, as permitted by law, at the meeting, and may also provide for the substitution of the director by another member in attendance at the general meeting when he is in a conflict of interests which prevents him from voting the proxy.</p>	<p>General Meeting of Shareholders will have broad powers to grant the validity of the document or other proof of representation; they may only refuse to recognise that which lacks the minimum necessary requirements, provided that they are irremediable.</p> <p>4. Before his/her appointment, the proxy must inform the shareholder in detail if there is a situation of conflict of interests. If the conflict arises after the appointment and the principal shareholder was not warned of the possibility of its existence, he/she must be informed immediately. In either case, if the proxy does not receive precise new voting instructions for each of the matters on which the proxy has to vote on behalf of the shareholders, he/she must abstain. In particular, there may be a conflict of interests where the proxy is in any of the situations envisaged in article 523.2 of the Capital Companies Act.</p> <p>5. When directors of the Company or any other person or entity make a public solicitation of proxies, the rules contained in the Capital Companies Act and in the implementing regulations will apply. In particular, the proxy document must contain the agenda or include it as an annex, as well as the request for instructions on how to exercise the right to vote and indicating how the proxy should vote in the absence of specific instructions.</p> <p>The proxy may vote otherwise when circumstances arise that were unknown at the time the instructions were given and the interests of the principal are in jeopardy. Where the proxy votes other than as instructed, he must immediately inform the shareholder in writing, detailing the reasons for the vote.</p> <p>Public solicitations of proxy may also be made by electronic means in accordance with the provisions of these Rules and the Company's other internal regulations.</p> <p>A public solicitation of proxies will be deemed to have occurred where a given person represents more than three shareholders.</p> <p>6. Where the directors or another person, acting on the behalf or in the interests of any of them, made a public solicitation of</p>
--	--

<p>A director who obtains a proxy from a shareholder may not vote the corresponding shares in connection with items on the Agenda in which he is in a conflict of interests and, in any case, regarding the following decisions:</p> <ul style="list-style-type: none"> a) His appointment or ratification as director. b) His dismissal or removal as a director. c) Shareholders derivative suits against him. d) Approval or ratification, as the case may be, of transactions between the company and the director in question, companies controlled or represented by him, or persons acting on his behalf. <p>5. Powers of proxy may always be revoked. The shareholder's attendance at the General Meeting of Shareholders constitutes a revocation of the proxy, regardless of the date of the proxy.</p>	<p>proxies, in addition to complying with the provisions of item 4 above, the director who obtains it may not vote the corresponding shares in connection with items on the Agenda in which he is in a conflict of interests except where he/she received precise voting instructions on each of those items from the principal. In any case, a director will be deemed to be in a conflict of interest regarding the following decisions:</p> <ul style="list-style-type: none"> a) His appointment, re-election or ratification as director. b) His dismissal or removal as a director. c) Shareholders derivative suits against him. d) Approval or ratification, as the case may be, of transactions between the company and the director in question, companies controlled or represented by him, or persons acting on his behalf.
<p>Article 9. Right to attend, obligation to attend</p> <p>1. Shareholders possessing one or more shares will be entitled to attend the General Meeting, provided that their ownership of the shares is registered in the ledger of account entries at least five days</p>	<p>Article 9. Right to attend, obligation to attend</p> <p>1. Shareholders possessing one or more shares, including non-voting shares, will be entitled to attend the General Meeting, provided that their ownership of the shares is registered in the ledger of account</p>



<p>in advance of the Meeting date and the shareholder accredits such ownership at the Company's registered offices or any other location indicated in the notice of meeting, by exhibiting the pertinent certificate or attendance card issued by the Company, or in any other form permitted by law.</p> <p>The member entities of the Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) may be authorised by the Company to issue General Meeting attendance cards to the shareholders who have deposited their shares; these cards are also provided, where appropriate, by the Company itself, upon proof of share ownership.</p> <p>The Company will advise these entities about the format of the attendance card that must be issued to the shareholders, ensuring that the cards issued by these entities are uniform and include a bar code or another system which allows the card to be read electronically to record meeting attendance automatically, and the form in which this document may be used to grant proxy to another shareholder. The attendance card may indicate the identity of the proxy where the shareholder represented has not expressly indicated it, and possible conflicts of interest.</p> <p>2. The members of the Board of Directors are obliged to attend the General Meeting of Shareholders. Executives, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings when the Board of Directors sees fit and considers that their participation in the Meeting may be useful to the Company. The Chairman of the General Meeting may authorise any other person to attend, as he sees fit, but the General Meeting is entitled to revoke such authorisation.</p>	<p>entries at least five days in advance of the Meeting date and the shareholder accredits such ownership at the Company's registered offices or any other location indicated in the notice of meeting, by exhibiting the pertinent certificate or attendance card issued by the Company, or in any other form permitted by law.</p> <p>The member entities of the Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) may be authorised by the Company to issue General Meeting attendance cards to the shareholders who have deposited their shares; these cards are also provided, where appropriate, by the Company itself, upon proof of share ownership.</p> <p>The Company will advise these entities about the format of the attendance card that must be issued to the shareholders, ensuring that the cards issued by these entities are uniform and include a bar code or another system which allows the card to be read electronically to record meeting attendance automatically, and the form in which this document may be used to grant proxy to another shareholder. The attendance card may indicate the identity of the proxy where the shareholder represented has not expressly indicated it, and possible conflicts of interest.</p> <p>2. The members of the Board of Directors are obliged to attend the General Meeting of Shareholders but their presence is not necessary for the Meeting to be declared quorate. Executives, managers, technical personnel and others responsible for the management of the Company may also attend General Meetings when the Board of Directors sees fit and considers that their participation in the Meeting may be useful to the Company. The Chairman of the General Meeting may authorise any other person to attend, as he sees fit, but the General Meeting is entitled to revoke such authorisation.</p>
<p>Article 11. Constitution of the General Meeting of Shareholders</p> <p>1. Starting two hours before the scheduled time for the meeting, on the date and at the time and place indicated in the announcement of the General Meeting of</p>	<p>Article 11. Constitution of the General Meeting of Shareholders</p> <p>1. Starting two hours before the scheduled time for the meeting, on the date and at the time and place indicated in the announcement of the General Meeting of</p>



<p>Shareholders, shareholders or their duly assigned proxies may present, to the personnel in charge of registering attendees, the documents accrediting their right to attend the meeting or to represent their principals, as the case may be. Meeting attendance rights will be accredited by presenting the certificate, issued by the entities in charge of registering the Company's shares, accrediting the registration, in the shareholders' name, of at least one share at least five days in advance of the Meeting date.</p> <p>Shareholders wishing to cast their votes by distance means of communication, in those cases where this possibility is envisaged in the meeting announcement, will accredit their identity and shareholder status in the manner determined by the Board of Directors in the announcement.</p> <ol style="list-style-type: none"> 2. The shareholders or their proxies who arrive at the meeting after it has been called to order and has begun to discuss the items on the agenda will not be included in the list of attendees. 3. The list of attendees will be included at the beginning of minutes or appended to it as an annex signed by the Secretary and countersigned by the Chairman. Shareholders who vote using distance means, as provided for in the meeting announcement, will be counted as present for the purposes of determining the quorum of the General Meeting of Shareholders. 4. Once there is a quorum, the Meeting will be called to order at the pre-established place, date and time, at either first or second call. 5. The Chairman or Secretary will read the announcement, or may take it as read if none of the shareholders object, and then state the total figures from the attendance list, indicating the number of voting 	<p>Shareholders, shareholders or their duly assigned proxies may present, to the personnel in charge of registering attendees, the documents accrediting their right to attend the meeting. Meeting attendance rights will be accredited by presenting the certificate, issued by the entities in charge of registering the Company's shares, accrediting the registration, in the shareholders' name, of at least one share at least five days in advance of the Meeting date or by presenting an attendance card issued by the Company or by the members of Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) authorised by the Company for this purpose.</p> <p>Shareholders wishing to cast their votes by electronic or other distance means of communication, in those cases where this possibility is envisaged in the meeting announcement, will accredit their identity and shareholder status in accordance with the provisions of article 15 bis of these Rules.</p> <ol style="list-style-type: none"> 2. The shareholders or their proxies who arrive at the meeting after it has been called to order and has begun to discuss the items on the agenda will not be included in the list of attendees. 3. The list of attendees will be included at the beginning of minutes or appended to it as an annex signed by the Secretary and countersigned by the Chairman. 4. Shareholders who vote using distance means, as provided for in article 15 bis of these Rules, will be counted as present for the purposes of determining the quorum of the General Meeting of Shareholders. 5. Once there is a quorum, the Meeting will be called to order at the pre-established place, date and time, at either first or second call. 6. The Chairman or Secretary will read the announcement, or may take it as read if none of the shareholders object, and then state the total figures from the attendance list, indicating the number of voting shareholders in attendance and represented at the meeting, the number of shares held by each category and the percentage of share capital they
---	--



<p>shareholders in attendance and represented at the meeting, the number of shares held by each category and the percentage of share capital they represent.</p> <p>6. Once this information is publicly announced by the Chairman or the Secretary, the Chairman will then state whether or not the meeting is quorate. The notary public, if there is one, will ask the assembly if there are any objections to the Chairman's statements regarding the numbers of shareholders in attendance and the share capital they represent. Any questions or claims submitted to the notary or to the Secretary, if there is no notary, will be reflected in the minutes and resolved by the Chairman.</p> <p>7. Following this, the Chairman will call the meeting to order, if appropriate.</p> <p>8. Both ordinary and extraordinary General Meeting of Shareholders will be quorate:</p> <ul style="list-style-type: none"> - Generally, at first call, when the shareholders present or represented possess at least fifty percent of the subscribed voting capital. On second call, when the shareholders present or represented possess at least forty-five percent of the subscribed voting capital. - In order for the General Meeting of Shareholders to validly approve bond issues, capital increases or reductions, the change of corporate form, or the merger or demerger of the Company, 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, generally, any amendment of the Articles of Incorporation, at least fifty percent (50%) of the subscribed voting capital must be present or represented at first call. At second call, it will suffice for shareholders accounting for at least forty-five percent (45%) of the subscribed voting capital to be present or represented. - When the shareholders in attendance or represented account for less than fifty percent (50%) of 	<p>represent.</p> <p>7. Once this information is publicly announced by the Chairman or the Secretary, the Chairman will then state whether or not the meeting is quorate. The notary public, if there is one, will ask the assembly if there are any objections to the Chairman's statements regarding the numbers of shareholders in attendance and the share capital they represent. Any questions or claims submitted to the notary or to the Secretary, if there is no notary, will be reflected in the minutes and resolved by the Chairman.</p> <p>8. Following this, the Chairman will call the meeting to order, if appropriate.</p> <p>9. Both ordinary and extraordinary General Meeting of Shareholders will be quorate:</p> <ul style="list-style-type: none"> - Generally, at first call, when the shareholders present or represented possess at least fifty percent of the subscribed voting capital. On second call, when the shareholders present or represented possess at least forty-five percent of the subscribed voting capital. - The percentages referred to in the preceding paragraph shall also apply in order for the General Meeting of Shareholders to validly approve bond issues, capital increases or reductions, the change of corporate form, or the merger or demerger of the Company, 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, generally, any amendment of the Articles of Incorporation. - When the shareholders in attendance or represented account for less than fifty percent (50%) of the subscribed voting capital, the motions 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. <p>10. If it is necessary, for any reason, to hold the meeting in separate rooms, audio-visual equipment will be set up to permit</p>
---	---



<p>the subscribed voting capital, the motions 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.</p> <p>9. If it is necessary, for any reason, to hold the meeting in separate rooms, audio-visual equipment will be set up to permit interactivity and intercommunication between the rooms in real time and, therefore, the transaction of the meeting as a single act.</p>	<p>interactivity and intercommunication between the rooms in real time and, therefore, the transaction of the meeting as a single act.</p>
<p>Article 15. Voting on Proposals</p> <p>1. Upon conclusion of the shareholders' addresses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the agenda and any others which by law need not be included in the agenda will be voted on.</p> <p>2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the agenda item to which each proposed resolution refers.</p> <p>3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:</p> <p>a) The system for voting on the proposed resolutions relating to the items on the agenda will be by a negative deduction system. This means that, for each proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies</p>	<p>Article 15. Voting on Proposals</p> <p>1. Upon conclusion of the shareholders' addresses and once the questions have been answered as provided for in these Rules, the proposed resolutions in the agenda and any others which by law need not be included in the agenda will be voted on.</p> <p>2. The Secretary will ask the shareholders whether or not they wish to have the proposed resolutions read, the text of which was delivered to the shareholders before the meeting and is available on the Company's website. If any shareholder wishes them to be read or if the Chairman deems it appropriate, the proposed resolutions will be read aloud. In any event, the shareholders will be informed of the agenda item to which each proposed resolution refers.</p> <p>3. Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:</p> <p>a) The system for voting on the proposed resolutions relating to the items on the agenda will be by a negative deduction system. This means that, for each proposal, the votes corresponding to all of the shares present and represented will be considered as votes in favour, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, to which will be added the votes corresponding to proxies</p>



<p>received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.</p> <p>b) The system for voting on the proposed resolutions relating to items not on the agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.</p> <p>c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.</p> <p>d) If, in accordance with the terms of article 5 of these Rules, the meeting announcement makes provisions for voting electronically using one or more distance voting methods, and without detriment to the specific instructions for each particular case in order to be valid and accepted by the Company, the document containing the vote must contain the following information at the very least:</p> <ul style="list-style-type: none"> (i) Meeting date and agenda. (ii) The shareholder's identity. (iii) The number of shares owned by the shareholder. (iv) The shareholder's vote on each of the items on the agenda. <p>e) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on:(i) the appointment or ratification of directors, which must be voted on individually; and (ii) amendments to the Articles of</p>	<p>received by the Board of Directors, indicating whether voters are against the motion or abstentions. Votes against and abstentions will be counted separately.</p> <p>b) The system for voting on the proposed resolutions relating to items not on the agenda, when such proposals may legitimately be voted upon, will be a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.</p> <p>c) When technically possible and provided that compliance with all legal requirements can be guaranteed, the Board of Directors may establish the use of electronic vote counting systems.</p> <p>d) Issues which are substantially independent will be voted on separately so that the shareholders can exercise separately their voting preferences; this rule will be applied when adopting resolutions on: (i) the appointment or ratification of directors, which must be voted on individually; and (ii) amendments to the Articles of Incorporation where each article or group of articles is substantially independent.</p> <p>e) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.</p> <p>4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in</p>
---	---

<p>Incorporation where each article or group of articles is substantially independent.</p> <p>f) Provided that it is legally possible and that the requirements provided for in this respect are met, financial intermediaries who are legitimised as shareholders, but who act on behalf of different customers, will be allowed to split the vote as per the instructions of their customers.</p> <p>4. The statements containing votes submitted to the notary or the meeting officers as envisaged in paragraph 3 above may be made individually for each of the proposals or jointly for several or all of them, indicating to the notary or the officers the identity of the shareholder or representative, the number of shares in question, and whether the shareholders/representative votes in favour or against, or abstains.</p>	<p>question, and whether the shareholders/representative votes in favour or against, or abstains.</p>
	<p>Article 15 bis. Voting by means of distance communication</p> <p>1. Shareholders may vote on items on the Agenda by postal mail, e-mail or any other means of distance communication which duly guarantees the identity of the shareholder and, as the case may be, the security of the electronic communications, in accordance with current legislation.</p> <p>2. To vote by postal mail, the shareholder must send the Company a written notice of his vote in favour or against, or his abstention, attaching the attendance card issued in his name by the Company or by the firm(s) entrusted with the book-entry register. However, the attendance card itself, duly completed and signed, may suffice when the text on the card itself specifically allows its use for distance voting.</p> <p>3. Votes by electronic means must be cast using a recognised electronic signature or other class of guarantee that the Board of Directors considers suitable for assuring the authenticity and identity of the voting shareholder, accompanied by an inalterable electronic copy of the attendance card.</p> <p>Nevertheless, the Company may establish a specific computer application on its website to enable remote voting, in which case it will not be necessary to send the</p>

	<p>inalterable electronic copy of the documents referred in the previous section.</p> <p>4. Votes cast by any of the means envisaged in the preceding sections must be received by the Company at least twenty-four (24) hours before the time scheduled for the General Meeting at first call. Otherwise, the vote will not be recognised.</p> <p>5. Votes issued by means of distance communication as referred to in this article will be null and void:</p> <ol style="list-style-type: none"> a) If they are expressly revoked thereafter by the same means used to cast them, and within the period established for this purpose. b) If the shareholder who cast the vote attends the Meeting in person. <p>6. The Board of Directors is empowered to elaborate upon the foregoing provisions by establishing the appropriate rules, means and procedures in line with the state of the art for casting votes and granting proxy by means of distance communication, in conformity, in any case, with the regulations issued for this purpose and the Articles of Incorporation.</p> <p>In particular, the Board may (i) regulate the use of guarantees other than the electronic signature for electronic voting as provided in paragraph three above, and (ii) reduce the advance period established in paragraph four above for the receipt by the Company of the votes cast by postal or electronic mail.</p> <p>In any case, the Board of Directors will adopt the necessary measures to avoid duplication and ensure that the person casting the vote or granting proxy by postal or electronic communication is entitled to do so pursuant to the provisions of the Articles of Incorporation and these Rules.</p> <p>7. Any implementing regulations adopted by the Board of Directors under the provisions of this Article will be published on the Company's website.</p>
<p>Article 16. Passage of resolutions and proclamation of results</p> <p>1. The passage of resolutions will require the following majorities:</p> <ol style="list-style-type: none"> a) At first call: resolutions will be passed when more than one-half of the shares present or represented 	<p>Article 16. Passage of resolutions and proclamation of results</p> <p>1. The passage of resolutions will require the following majorities:</p> <ol style="list-style-type: none"> a) At first call: resolutions will be passed when more than one-half of the shares present or represented



<p>at the meeting vote in favour.</p> <p>b) At second call: resolutions will likewise be passed when more than one-half of the shares present or represented at the meeting vote in favour. However, when attendance is below one-half of the voting share capital, the passage of resolutions relevant to bond issues, capital increases or reductions, the transformation of the company's corporate form, a merger or demerger or any other amendment to the Articles of Incorporation will require the favourable vote of at least two-thirds of the share capital in attendance.</p> <p>2. The Chairman will declare the resolutions passed when he has evidence of sufficient votes in favour, without prejudice to the statements made by the attending shareholders to the notary public or the meeting officers in this regard.</p>	<p>at the meeting vote in favour.</p> <p>b) At second call: resolutions will likewise be passed when more than one-half of the shares present or represented at the meeting vote in favour. However, when attendance is below one-half of the voting share capital, the passage of resolutions relevant to bond issues, capital increases or reductions, the transformation of the company's corporate form, a merger or demerger or any other amendment to the Articles of Incorporation will require the favourable vote of at least two-thirds of the share capital in attendance.</p> <p>2. The Chairman will declare the resolutions passed when he has evidence of sufficient votes in favour, without prejudice to the statements made by the attending shareholders to the notary public or the meeting officers in this regard. For each motion, the number of shares in respect of which valid votes were cast, the proportion of capital represented by those votes, the total number of valid votes, the number of votes in favour and against the motion, and any abstentions, will be determined.</p>
<p>Article 19. Publication of resolutions</p> <p>1. Without prejudice to registration of qualifying resolutions in the Mercantile Register and to the legal requirements for the publication of company resolutions, the Company will forward the text of the approved resolutions to the National Securities Market Commission by the deadline stipulated by the latter.</p> <p>2. The text of the resolutions will be posted on the Company's website and will be published in the Annual Corporate Governance Report.</p>	<p>Article 19. Publication of resolutions</p> <p>1. Without prejudice to registration of qualifying resolutions in the Mercantile Register and to the legal requirements for the publication of company resolutions, the Company will forward the text of the approved resolutions to the National Securities Market Commission by the deadline stipulated by the latter.</p> <p>2. The full text of the resolutions that are adopted and the outcome of the votes will be posted on the Company's website within five (5) days from the conclusion of the General Meeting and will be published in the Annual Corporate Governance Report.</p>

* * *

