



DIRECTORS' REPORT

ON THE REDUCTION OF CAPITAL THROUGH AMORTISATION OF OWN SHARES, DELEGATING TO THE BOARD OF DIRECTORS THE NECESSARY POWERS TO EXECUTE THIS RESOLUTION. (ITEM 7 OF THE AGENDA).

The Agenda for the Ordinary General Meeting of Shareholders of Fomento de Construcciones y Contratas, S.A., convened for 10 and 11 June 2009, at first and second call, respectively, includes, in item 7, a proposal to reduce capital by 3,182,582 euro through the amortisation of 3,182,582 own shares, the nominal value of which is 3,182,582 euro.

As a result of this capital reduction by an amount equivalent to the nominal value of the 3,182,582 own shares of the Company (2.5% of capital) which are to be amortised, Article 5 ("Share capital") of the Articles of Incorporation will be amended; for this reason, in accordance with article 164.1, in relation to article 144.1.a), the Directors of the Company submit this Report.

In the framework of shareholder remuneration policy established by FCC, the Board of Directors considers one component of remuneration 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.

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."

The reduction in share capital, performed against voluntary reserves, requires the

constitution of a reserve for amortised capital equal to the nominal value of the amortised shares which may only be used under the same requirements as for a reduction in share capital, by application of article 167.3 of the Public Corporations Act. Consequently, in accordance with that precept, the company's creditors shall not have the right of opposition referred to in article 166 of the Public Corporations Act as a result of the agreed capital reduction.

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

With a view to expediting the execution of this resolution, it is proposed to empower the Board of Directors so that, within one year from the date of this resolution, it may determine any details not expressly set out in this decision or that may result from this decision, and adopt such resolutions, carry out such actions and grant such public or private documents as may be necessary or advisable for the enforcement of this resolution, including the ability not to perform the capital reduction having regard to the company's interests and, in particular, to market conditions and to any event or circumstance of social or economic relevance that make such a decision advisable, which must be notified to the first General Meeting of Shareholders held after that one-year period has elapsed, or at the next General Meeting of Shareholders, if one is held before that period elapses.

The Board may delegate some or all of the powers granted to it to the bodies or persons it deems fit.

5 May 2009