FCC REFINANCING SIGNED

Madrid, 1st April 2014. In compliance with the disclosure requirements under article 82 of Act 24/1998, of 28 July, on the Securities Market, FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (FCC) hereby notifies the Spanish National Securities Commission (CNMV) of the following regulatory disclosure:

FCC has completed the process of signing the main refinancing contracts for the Group, which commenced last year. Practically all of the lending banks participated in the process, reaching 99.98% of the affected liabilities, which involved replacing the existing loans and credit facilities with a new long-term syndicated loan aligned with the goals of the Group's Strategic Plan.

The main features of the new facility are as follows:

1. Amount:

The total amount is 4,512 million euro, replacing the same amount of pre-existing debt in a number of structures, both syndicated and bilateral.

2. Tranches:

Tranche A, amounting to 3,162 million euro, will be in the form of a mercantile loan, and

Tranche B, amounting to 1.350 billion euro, is collateralized in the same way as Tranche A and includes the right to convert into newly-issued shares at market price, without a discount, of the outstanding balance at maturity (with a PIK component, i.e. capitalizing accrued interest), by offsetting the account payable with equity, on the basis of the issuance of warrants in the terms described below.

3. Maturity

4 years from the completion date, such maturity may be extended up to at most 6 years in the event of conversion of Tranche B into FCC shares. The completion date is the date on which certain conditions precedent are met, which include notably the novation of the 5-year 450 million euro convertible bond issued by FCC in 2009..

4. Repayment:

In Tranche A, 150 million euro will be repaid after 24 months, 175 million euro after 36 months, and the remainder at maturity.

Under the terms of the refinancing agreement, in the event of a capital increase at FCC, the proceeds from that transaction may be used to redeem Tranche B debt using a Dutch auction format, enabling the company to buyback a discounted Tranche B and create value for the company’s shareholders.

5. Interest rate:

The interest rate on Tranche A is Euribor plus a variable spread that rises with time: 3% in year 1, 3.5% in year 2, and 4% in years 3 and 4.

The interest rate on Tranche B is Euribor plus a variable spread that rises with time: 11% in year 1, 13% in year 2, 15% in year 3, and 16% in year 4. In the event of early repayment of Tranche B, the interest rate on the repaid portion will be reduced to 6% of the amount repaid in the year in which that occurs.

The refinancing structure involves the issuance of warrants to reflect the right to convert the Tranche B bank debt into shares, and the restructuring of FCC's convertible bonds. Both transactions may affect FCC's capital structure and, consequently, must be approved by FCC's Shareholders' Meeting. For these purposes, it is hereby noted that FCC’s controlling shareholder, who directly and indirectly owns 50.156% of the Company's capital stock, has undertaken, in the context of the refinancing, to vote in favour of such motions.

FCC warrants

The Board of Directors of FCC will submit to the Shareholders' Meeting a motion to issue warrants convertible into shares of the Company in certain cases (principally, failure to repay or refinance Tranche B on maturity, in 2018), provided, if that event arises, that creditors together holding 75% or more of the outstanding balance of Tranche B on the decision date so decide.

The warrants will entitle the holders to subscribe for newly-issued shares of the Company by offsetting any outstanding debt claims under Tranche B at the time of offsetting (including outstanding principal and capitalized interest on the offset date) at the weighted average market price of the shares in the 8 weeks prior to the conversion date (five months before the maturity of Tranche B).

Therefore, the amount of the capital increase will be determined by dividing the amount of debt claims to be offset, the principal of Tranche B and the capitalized interest that are outstanding at the time of offsetting, by the share's market price at the time the warrants are exercised.

The warrants will be subscribed for by the lending institutions participating in Tranche B and they will be transferable only with the corresponding portion of Tranche B, which must necessarily be transferred with Tranche A. The warrants will not be listed in any secondary market.

Nevertheless, the warrants will not be convertible into shares of FCC if Tranche B has been repaid and if a number of conditions are met prior to or on the conversion date, including notably that FCC has evidenced a reduction of the FCC Group's net interest-bearing debt/EBITDA ratio to below 4 times and has repaid at last 1.500 billion euro of the total funding provided. In these cases, the warrants will immediately be rendered null.

Convertible bonds

With respect to convertible bonds, the bank refinancing agreement includes restructuring of FCC's 450 million euro convertible bond issued in October 2009. Such signature may be consensual, through approval by the General Assembly of Bondholders of the amendment to the convertible bonds' terms and conditions, mainly to extend the maturity, reduce the conversion price from 37.85 euro to 30 euro, and maintain the interest rate. If approved by the General Assembly, the amendment of the terms and conditions will not be enforceable until approved by FCC's Shareholders' Meeting and the refinancing transaction has been completed.

Alternatively, if the General Assembly does not approve the amendments, FCC will apply to the courts for approval in accordance with Additional Provision Four of the Insolvency Act. FCC hereby discloses that it has commenced the process to grant consent on behalf of non-participating bondholders and to appoint an independent expert who has validated that FCC Group's actions related with the refinancing process are viable and reasonable.

Framework Agreement for financial stability and international bonding line

In addition to the main refinancing contract, a Framework Agreement for financial stability has also been signed, which regulates the products required for day-to-day activity: collateral, leases, operating leases, factoring and confirming. Additionally, a new international bonding line has been authorised, amounting to 250 million euro, which may be increased to 450 million euro. Both, for a term of 4 years extendible to 6.

Citizen Services

Cementos Portland Valderrivas contingent capital contribution deferral

An agreement has also been reached with Cementos Portland Valderrivas's credit banks to defer FCC's 200 million euro contingent capital contribution to that subsidiary. The agreement has a term of 4 years extendible to 6, as from the time that the contribution from FCC's obligation to make the contribution arises and, as a deferred contingent liability, it will bear the same interest rate as applied to Tranche A of the financing agreement.

Overall, the refinancing agreement represents a milestone in FCC's current Strategic Plan and hinges on the following principles, among others:

a) Strengthening the Group's viability in accordance with the Business Plan and the sustainability of its total debt by appropriately adapting the repayment schedule to cash flow.

b) Rationalisation of the financial and operating structure of the refinancing scope, i.e. the companies to be included in the contract as liable parties and guarantors, by legally and effectively ring-fending the business areas outside of that scope, with certain exceptions.

c) The gradual reduction of debt by fulfilling, among others, the Divestment Plan and the Operating Restructuring and Cost Cutting Plan that form part of the Business Plan.

d) Enable investments in strategic areas to maintain FCC’s competitive position by accessing new contracts, particularly in the Water and Environment business areas.

It is also important to note the possibility, set out in the refinancing agreement, for the early repayment of Tranche B with discounts on its nominal value, with the consequent proportional reduction of financing costs and leverage, and the possible deactivation of warrants. This will notably enhance the ability to generate added value for FCC shareholders.