

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (CAF)

PROPOSALS OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 11 OR 12 JUNE 2016, ON THE FIRST AND SECOND CALL RESPECTIVELY

First:

To approve the Annual Accounts (Balance Sheet, Profit and Loss Statement, Statement of Changes in Shareholder's Equity over the financial year, Cash Flow Statement, and Annual Report) and the Company's Management Report and the Management Report of the company's consolidated group for financial year 2015, as well as the Group's Corporate Management.

Second:

To resolve on the distribution of earnings of the company Construcciones y Auxiliar de Ferrocarriles, S.A. for financial year 2015, as follows:

Voluntary reserves	12,091 Thousand Euro
Dividends	17,997 Thousand Euro
TOTAL	30,088 Thousand Euro

Consequently, to distribute a gross dividend of 5.25 Euro per share, to be paid on 07 July, 2016 with the appropriate legal deductions.

Third:

To re-elect DELOITTE, S.L., a company with registered offices in Madrid, Plaza Pablo Ruiz Picasso, 1, Torre Picasso, with Tax Identification Number (N.I.F.) B-79104469 and registration no. S0692 in the Official Registry of Account Auditors, for one year as the auditor of the individual annual accounts of Construcciones y Auxiliar de Ferrocarriles, S.A. and for the consolidated annual accounts of Construcciones y Auxiliar de Ferrocarriles, S.A. and the Company's Affiliates, i.e. of the individual and consolidated annual accounts for the financial year ending on 31 December 2016..

Fourth:

4.1 To ratify the appointment, by co-option, of Mr. José Antonio Mutiloa Izaguirre as Proprietary Director, for a term of four years.

4.2 To Ratify the appointment, by co-option, of Ms. Marta Baztarrica Lizarbe as Executive Director, for a term of four years.

4.3 To appoint Ms. Carmen Allo Pérez as Independent Director for a 4 year term to cover the vacant position in the Board.

Fifth:

To split of the Share capital by the reduction of their nominal value of three euro and one cent (€ 3.01) to three hundred and one thousandth of a euro (€ 0.301) per share, with a ratio of ten new shares for each old share, with no variation in the share capital.

Subsequently, to amend the following articles of the articles of association, in order to adapt them to the new number and nominal value of the shares that the share capital is divided into, certifying that, as all the amendments are the result of the split of the shares, there is no need to vote for each modification separately, in accordance with section 2.b) of article 197 bis of the Capital Companies Law:

- Article 5 of the Articles of Association on share capital hereafter shall read as follows:

"Article 5.- Share Capital

The share capital is TEN MILLION THREE HUNDRED AND EIGHTEEN THOUSAND FIVE HUNDRED AND FIVE EUROS AND SEVENTY-FIVE CENTS (€ 10,318,505.75), represented by THIRTY-FOUR MILLION TWO HUNDRED AND EIGHTY THOUSAND SEVEN HUNDRED AND FIFTY SHARES (34.280.750), each with a nominal value of 0.301 EUROS, which are fully subscribed and paid up.

The shares shall be represented in book-entry form and applications may be made for their admission to official trading on both Spanish and foreign stock exchanges, in accordance with the legislation in force."

- Article 7 of the articles of associations on the rights associated with each share hereafter shall read as follows:

"Article 7.- Rights associated with each share

In addition to representing a proportional part of the share capital, each share grants its legitimate holder the right to participate in the distribution of the company profits and the net equity resulting from its liquidation, the pre-emptive subscription right when new shares or debentures convertible into shares are issued, and any other rights determined by law. Each share gives right to one vote.

No non-voting shares shall be issued.

In order to attend the General Shareholders' Meetings it is necessary to accredit legitimate ownership of at least one thousand shares. Shareholders who do not

reach this figure may group themselves together to attend the General Shareholders' Meetings through a single representative."

- Article 21 of the articles of association on the eligibility to attend the General Shareholders' Meeting hereafter shall read as follows:

"Article 21.- Eligibility to attend the General Shareholders' Meeting

Shareholders who own one thousand or more Company shares may attend the General Shareholders' Meeting and take part in the discussions, with the right to speak and vote. Those who hold a lower number of shares may group themselves together and be represented by another shareholder with whom they jointly hold one thousand or more shares.

In order to exercise the right to attend the meeting, Shareholders must have their shares registered in their name in the relevant book entry registry five days prior to the date set for the General Shareholders' Meeting to be held.

All shareholders with the right to attend, can be represented at the General Shareholders' Meeting by another person, whether or not a shareholder. For this purpose, requirements established by law must be met."

Also, to request admission for negotiation of the new shares resulting from the reduction in the nominal value of each share in the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, via the Stock Market Interconnection System (Continuous Market), as well as the simultaneous exclusion of the negotiation of old shares.

Additionally, to empower the Board of Directors with express power of substitution, to perform as many actions are necessary to execute this agreement, with authority, in particular but not limited, to:

- decide the date on which the modification of the nominal value of the shares and the subsequent statutory amendments must come into effect;
- publish all announcements required by law;
- execute all operations, requests and communications as required before any public or private organisations in order to change the old shares of € 3.01 nominal value for the new shares with a nominal value of € 0.301 (with there being ten new shares for each single old share), including unlimited authorisation to grant of as many public and private documents as are deemed necessary or applicable; and
- exclude the old shares from the stock market listing price and admit the new shares in the stock exchange, meeting as many requirements as necessary and

assuming, on behalf of the Company, as many commitments as required or deemed appropriate for this purpose.

Sixth:

In the event of approval of the agreement submitted for the consideration of the Annual General Shareholders' Meeting in point Five of the agenda, to modify article 9 of the Rules of the Shareholders' Meeting, relating to the holding and attendance of the General Shareholders' Meeting, to adapt it to the new nominal value and the number of shares resulting from the agreement for the split of shares and the subsequent statutory modifications, such that, henceforth it reads as follows:

"Article 9.- General shareholders meeting location and attendance

General Shareholders' Meetings shall be held in the town where the Company has its registered domicile on the date stated in the call to meeting announcement, but its sessions may be extended for one or more consecutive days, upon proposal of the directors or at the request of a number of shareholders representing a quarter of the share capital present or represented by proxy at the General Meeting.

Whatever the number of sessions in which the Meeting is held, it shall be considered a single meeting and the minutes drawn up shall be one for all the sessions.

Shareholders who own one thousand or more Company shares may attend the General Shareholders' Meeting and take part in the discussions, with the right to speak and vote. Those who hold a lower number of shares may group themselves together and be represented by another shareholder with whom they jointly hold one thousand or more shares.

In order to exercise the right to attend the meeting, Shareholders must have their shares registered in their name in the relevant book entry registry five days prior to the date set for the General Shareholders' Meeting to be held.

All shareholders with the right to attend can be represented at the General Shareholders' Meeting by another person, whether or not a shareholder. For this purpose, requirements established by law must be met."Representation can always be revoked, and the represented Shareholder personal attendance to the Annual General Meeting shall always have the effect of a revocation.

Should the Company directors, share depositary institutions or, any other physical or legal person request representation for themselves or for others and, in general, whenever the request is made publicly – which shall be assumed to be the case if a single person represents more than three shareholders – the document supporting the proxy must contain or include an attachment with the

Agenda, as well as the request for instructions to exercise the right to vote and the indication of the line of voting the representative shall take, should no precise instructions be received. Exceptionally, the representative may vote differently when circumstances arise that were ignored at the time when the instructions were sent and the interest of the represented party could be harmed.

In this case, when the cast vote differs from the instructions, the representative must immediately inform the represented party in writing, explaining the reasons of the vote. In the case of the Company directors or any other person, on their own behalf or in the interest of any of them, having made a public application for representation, the director being vested with such representation may not exercise the right to vote for the shares represented for those items on the agenda in which there is a conflict of interest, unless specific voting instructions have been received from the represented party for each of these points, pursuant to article 522 of the Capital Companies Law, and, in any case, with regard to the following decisions:

- a) His appointment or ratification as director.*
- b) His replacement, discharge or dismissal from his position as a director.*
- c) Corporate liability actions being brought against him.*
- d) The approval or ratification, when applicable, of transactions by the company with the director in question, companies controlled thereby or those he/she represents or people who act on behalf thereof.*

The proxy may also include items that are not included on the Agenda of the call to meeting announcement, but are allowed by law to be dealt with at the General Shareholders' Meeting, and in these cases that stated in the previous paragraph shall also be applicable.

The Chairman of the Board of Director's, or whoever he specifies, shall assume the representation conferred by the Shareholder who shall have provided the Company with an attendance card with proxy to vote duly signed, but without including the name of the proxy holder.

Members of the Board of Directors must attend the Shareholders' Meetings. Directors, Managers and Technicians employed by the Company and by investee Companies can also attend. The Chairman of the General Meeting may authorize any other person he deems appropriate to attend a meeting, although the General Meeting has the power to revoke said authorization.

When accessing the premises where the Ordinary General Meeting is being held, the attending Shareholders shall have the "Company's Annual Report"

available, which includes, amongst other documents, the Company's Annual Accounts."

This agreement will come into effect upon approval, execution and recording in the Registrar of Companies of the agreement for the split of shares and the modification of the Articles of Association which will be submitted for the approval of the Board of Directors as item Five of the agenda.

Seventh:

To submit to advisory vote the Annual Report on Remuneration to the Board Directors, approved by CAF's Board of Directors in their session held on 25 February, 2016.

Eighth:

To inform the Board on amendments to the Board Regulations approved by CAF's Board of Directors in their session held on 25 February, 2016.

Ninth:

To empower the company's Board of Directors to put into effect the aforementioned resolutions with the broadest powers in law, and also to clarify, remedy or supplement the aforementioned resolutions based on any oral or written instructions given by the Registrar of Companies, and to jointly and severally or indistinctively empower Mr. Andrés Arizkorreta García and Ms. Marta Baztarrica Lizarbe, Chairman and Secretary of the Board respectively, to appear before a Notary Public in order to execute the relevant public instrument, taking all necessary steps to register in the Registrar of Companies (including partial registry) all resolutions adopted by this Meeting which are eligible for entry in the Registry.