



In compliance with the provisions of article 82 of the Securities Market Act, Duro Felguera, S.A. (“Duro Felguera”) announces the following

#### **RELEVANT EVENT**

In compliance with the provisions of Article 24 of RD 1066/2007, the Board of Directors has issued the mandatory report on the Takeover Bid by the company itself.

The Bid, resolved upon by the Company’s General Shareholders’ Meeting held on 25<sup>th</sup> April 2013, is of a voluntary and partial nature and extends to a maximum of 15,346,472 shares in the Company representing 9.59% of the capital, which together with the 653,528 own shares already held by the Company represent 10% of the shares that make up the capital of Duro Felguera.

The report of the Board of Directors which has already been published in the Bulletin of the Stock Exchanges and on the company’s website [www.durofelguera.com](http://www.durofelguera.com) is attached hereto.

In Gijón, on 2<sup>nd</sup> August 2013.

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Secundino Felgueroso Fuentes  
Secretary of the Board of Directors

## **REPORT OF THE BOARD OF DIRECTORS OF DURO FELGUERA, S.A. ON THE TAKEOVER BID SUBMITTED BY THE COMPANY ON ITS OWN SHARES**

This report is issued by the Board of Directors of Duro Felguera, S.A. (hereinafter, "**Duro Felguera**" or the "**Company**"), on the partial voluntary takeover bid (hereinafter the "**Bid**"), submitted by the Company on its own shares.

This report has been approved by the Board of Directors of Duro Felguera at its meeting held on 1<sup>st</sup> August 2013, in compliance with the provisions of article 60.bis 3 of the Securities Market Act 24/1998, of 28<sup>th</sup> July, (*Ley del Mercado de Valores*, hereinafter, "**LMV**") and in article 24 of Royal Decree 1066/2007, of 27<sup>th</sup> July, on the Regime of Takeover Bids of Securities (hereinafter "**RD 1066/2007**").

The Bid was authorized by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, hereinafter "**CNMV**") on 24<sup>th</sup> July 2013, and its terms and conditions are described in detail in the corresponding prospectus prepared by the Company and registered in the administrative records of the CNMV (hereinafter the "**Prospectus**").

### **1. MAIN CHARACTERISTICS OF THE BID**

According to the terms of the Prospectus, in which a full description of all the aspects and conditions of the Bid can be found, its main characteristics are as follows:

- (i) The Bid, the essential terms and conditions of which, including the price, were approved by the Company's General Shareholders' Meeting held on 25<sup>th</sup> April 2013, is addressed to all holders of shares in Duro Felguera and extends to a maximum of 15,346,472 shares in the Company, with a par value of 0.50 euros each, fully subscribed and paid up, of a single series and class, represented by book entries, representative 9.59% of the share capital, which together with the 653,528 shares held by the Company itself as own shares, represent 10% of the shares that make up the share capital of Duro Felguera. The shares in Duro Felguera are admitted for trading on the Stock Exchanges of Madrid, Barcelona and Bilbao, and have been traded through the Spanish Stock Exchange Interconnection System (*Sistema de Interconexión Bursátil Español - SIBE*) since 29<sup>th</sup> May 1989.
- (ii) The Bid is presented as a purchase and the shareholders in the Company who accept it will receive in consideration the sum of five euros and fifty-three cents (5.53 €), which will be paid in full in cash. The consideration offered has been determined by the Board of Directors and approved by the Company's General Shareholders' Meeting according to the price resulting from the average listed price of the shares, calculated on the basis of the simple average of the daily closing prices for the 15 trading days prior to the date of the meeting of the Board of Directors that resolved to convene the General Shareholders' Meeting that

approved the Bid, i.e., from the session on 22<sup>nd</sup> February 2013 to the session of 14<sup>th</sup> March 2013, inclusive, which is 5.27 euros, increased by 5%.

- (iii) The term in which to accept this Bid is forty-five (45) calendar days starting from the trading day following the date of publication of the first of the notices referred to in article 22 of RD 1066/2007 in the Bulletins of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, and in a nationally distributed newspaper. These notices were published in the Bulletins of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia on 25<sup>th</sup> July 2013, corresponding to the trading session of 25<sup>th</sup> July 2013, and in the Expansión newspaper of 26<sup>th</sup> July 2013. Thus, the term of acceptance started on 25<sup>th</sup> July 2013 and will end at 24:00 hours on 9<sup>th</sup> September 2013, which is the first trading day after the end of the aforesaid term of 45 days.
- (iv) If the total number of securities included in the statements of acceptance exceeds the maximum limit of the Bid, i.e. 15,346,472 shares, the system of distribution and pro rata allocation established in article 38.1 of RD 1066/2007 and detailed in section III.1.b.(v) of the Prospectus will be applied.
- (v) The Bid does not constitute a de-listing offer or takeover bid through capital decrease by acquiring own shares in order to redeem them. Similarly, the price offered is not subject to and has not been set according to the valuation criteria established in article 10 of RD 1066/2007.
- (vi) The enforced sale regime established in article 47 of RD 1066/2007 will not be applicable to this Bid as it is not addressed to all the shares in the Company.
- (viii) The consideration of the Bid will be paid in full against the Company's available cash, in the terms detailed in section II.4.b of the Prospectus.
- (ix) The Bid is not subject to any condition whatsoever. In particular, the Bid is not subject to a minimum number of acceptances, and therefore it will be valid and enforceable regardless of the number of acceptances obtained at the end of the acceptance period described above.

## **2. GENERAL CONDITIONS**

### **2.1 Purpose of the Bid**

2.2 As stated in the Prospectus, the purpose of the Bid is to enable all the shareholders to have a specific liquidity mechanism in the event of the transfer of their shares under adequate conditions of transparency and parity of treatment, notwithstanding the eventual application of the rules of distribution and pro rata assignment referred to in section II.1.b of the Prospectus. In particular, the aforesaid liquidity mechanism, which is in addition to the liquidity deriving from maintaining the trading of the Company's shares on the Stock Exchanges, would facilitate any divestment of significant shareholdings without creating distortions in the trading.

Ultimately, while the Company keeps the acquired shares in its portfolio of own shares, the Bid would serve as an additional remuneration procedure for non-transferring shareholders or those who do not transfer their shares in full, who would benefit from the accretion of their

shareholding in the Company and in the share in its results in proportion to the own shares acquired by Duro Felguera. This remunerative effect would not occur if the Company were to apply the shares to another purpose. The Company has not made a decision as to the final destination of the shares, as described below. Notwithstanding this, at the request of the CNMV the Board of Directors of the Company resolved, on 22<sup>nd</sup> July 2013, not to propose to the General Shareholders' Meeting, within two years following the settlement of the Bid, to pass a resolution to reduce the share capital in order to redeem the own shares acquired through it.

The Company has considered the advisability of proceeding with the Bid at the present time, taking into account, among other factors, the situation of the market and the existence of significant cash surpluses, which allow it to undertake the planned repurchase of shares without the need to have recourse to external financing.

### **2.3 Possible repercussions of the Bid and the strategic plans of Duro Felguera indicated in the Prospectus on the Company's interests as a whole, on jobs and on the location of its centres of activity**

As indicated in Chapter IV of the Prospectus, in light of the purpose and characteristics of the Bid, once it has been completed Duro Felguera and the companies of its Group intend to continue carrying on the business activities that they have been carrying on to date in the context of their ordinary business, and neither the Bid nor the result thereof entail any change whatsoever to the current business plans or investment programmes. The maximum amount to be paid in this Bid does not compromise the future activity, the compliance with the business plan, or the Company's investment programmes.

Furthermore, the Bid does not entail any change whatsoever in the location of the current centres of activity, or in the jobs and working conditions of the employees and directors of the Company and the Group companies.

Furthermore, in the event that the Bid is accepted in respect of the total number of shares to which it applies, it has been determined that the impact on the Company's key financial indicators would not be relevant, as set out in detail in section IV.1.m of the Prospectus.

Finally, Duro Felguera does not intend to modify the policy followed by the Company with regard to the regime of distribution of dividends and shareholder remuneration. As far as the interim dividend is concerned, which in previous years was paid in the months of September or October, the interim dividend for the current year is not expected to be paid until after the settlement of the Bid.

Shareholders are referred to Chapter IV of the Prospectus for a more exhaustive description of the matters included in this section.

### **2.4 Action of the Board of Directors from the time of the notice of the Bid until the issue of this report**

Since the public notice of the Bid referred to in article 16 of RD 1066/2007, which took place on 25<sup>th</sup> April 2013, the Board of Directors of Duro Felguera has observed the regulations limiting the action of the management and governing bodies in the context of a takeover bid contained in article 28 of the aforesaid Royal Decree, and has behaved with full respect for the duties and obligations established for Directors under the applicable legislation.

### 3. AGREEMENTS IN RELATION TO THE BID

According to the public information available and the communications sent by the shareholders to the Company, the shareholder structure of Duro Felguera is as follows<sup>1</sup>:

Shareholder	Direct holding		Indirect holding		Total shareholding	
	Shares	% share capital	Shares	% share capital	Shares	% share capital
Juan Gonzalo Álvarez Arrojo	-	-	39,039,191 <sup>2</sup>	24.399	39,039,191	24.399
José Antonio Aguilera Izquierdo	-	-	11,997,889 <sup>3</sup>	7.499	11,997,889	7.499
TSK Electrónica y Electricidad, S.A.	15,660,052	9.787	10,971 <sup>4</sup>	0.006	15,671,023	9.794
Ramiro Arias López	-	-	15,353,716 <sup>5</sup>	9.596	15,353,716	9.596
Oceanwood Global Opportunities Master Fund	1,771,153	1.107	-	-	1,771,153	1.107
Own shares	653,528	0.408	-	-	653,528	0.408
Floating Capital					75,513,500	47.196

There is no shareholders' agreement formalized between the shareholders in accordance with article 530 and concordant articles of the Companies Act (approved by Royal Legislative Decree 1/2010, of 2<sup>nd</sup> July), aimed at determining policies in relation to the management of the Company or with the object of influencing it to a relevant extent, nor any other agreement with the same purpose that regulates the voting rights on the Board of Directors, and there is no concerted action as set forth in article 5 of RD 1066/2007 between shareholders with representation on the Board of Directors, and the Company is not aware of the existence of any such concerted action between any other shareholders.

Furthermore, it is expressly stated that (i) there is no agreement or covenant whatsoever of any nature between the Company and its shareholders, of the shareholders of the latter, or the members of the governing, management and control bodies of all the foregoing in relation to this Bid; and (ii) the

<sup>1</sup> On 30<sup>th</sup> July 2013 a notification of voting rights attributed to shares was registered in the CNMV whereby UBS AG declares a position of voting rights equal to 3.618% of the Company's total voting rights (3.612% directly and 0.006% indirectly through its subsidiaries), indicating that "the reception or delivery of collateral entails the transfer of the voting rights on the securities".

<sup>2</sup> Through "Inversiones El Piles, S.L.", which has a shareholding both directly (10,974 shares) and through its wholly owned subsidiaries "Promotora de Inversiones y Estudios, S.L." (10,974 shares) and "Inversiones Somió, S.L." (39,017,243 shares).

<sup>3</sup> Through "Residencial Vegasol, S.L." (7.498%) and "Construcciones Obras Integrales Norteñas, S.L." (0.001%)

<sup>4</sup> Through "PHB Weserhütte, S.A."

<sup>5</sup> Through "Construcciones Termoracama, S.L." and the latter, in turn, through "Inversiones Río Magdalena, S.L." (15,353,716 shares).

Company has not reserved any advantage for the shareholders or members of its governing, management and control bodies.

#### **4. OPINION AND OBSERVATIONS OF THE BOARD OF DIRECTORS ON THE BID**

As it has had the opportunity to set out in the report of the Board of Directors justifying the modifications to the Articles of Association contained in item three of the agenda for the General Shareholders' Meeting held on 25<sup>th</sup> April 2013, the Board of Directors has considered that the operation which is the object of this report comes under the normal practice of share repurchase programmes, which constitute a frequently used instrument in European markets to improve profitability for shareholders, and consider that the aforesaid operation:

- Constitutes a specific liquidity mechanism for the shares, under adequate conditions of transparency and access and parity of shareholder treatment, notwithstanding the distribution and pro rata assignment procedures established in RD 1066/2007, which, subject to the acceptances received and the aforesaid distribution and pro rata assignment procedures, also makes it possible to transfer significant shareholdings, thus providing an orderly channel for divestment and avoiding possible negative impacts on the market; and
- Also constitutes an adequate mechanism of additional shareholder remuneration payable against the Company's accumulated cash surpluses, as it will entail a proportional accretion in the shareholder of non-transferring shareholders and in the profit per share, while the shares acquired are kept as own shares.

Furthermore, it has been considered necessary to submit the preparation of the Bid and its basic terms and conditions, including the price, to the prior approval of the General Shareholders' Meeting, which took place with wide support by the shareholders at the aforesaid General Meeting held on 25<sup>th</sup> April 2013, as set out in Chapter I of the Prospectus.

The aforesaid Ordinary General Shareholders' Meeting held on 25<sup>th</sup> April 2013 also resolved to reduce the share capital in order to redeem any own shares that may be acquired by the Company in the context of the Bid, delegating the Board of Directors to execute the aforesaid resolution to reduce capital, with faculties to determine the amount and conditions thereof, to carry it out in one or several occasions, and even to render the aforesaid capital decrease resolution without effect. In this regard, exercising the faculties conferred upon them by the General Meeting, the Board of Directors resolved, on 22<sup>nd</sup> July 2013, (i) to render without effect the aforesaid capital decrease resolution and (ii) subject to and notwithstanding the legal duties of the directors and the corporate interest and the faculties and competences of the General Shareholders' Meeting, and in accordance with the request made by the National Securities Market Commission in the context of the Bid, to state its decision not to propose to the Company's General Shareholders' Meeting, within two years following settlement of the Bid, that a resolution be passed to decrease the share capital for the purpose of redeeming the own shares acquired as a result of the Bid.

Except for the above, the Company has not passed any decision, and has no plans concerning the purpose to be given to the shares acquired as a result of the Bid, or as to when it is going to make the

aforesaid decision, and there are no agreements with third parties, whether or not shareholders of the Company, for the transfer of the aforesaid shares.

By virtue of the foregoing, considering the matters set forth in this report, the unanimous opinion of the Board of Directors of Duro Felguera on the Bid is favourable.

## 5. INTENTIONS OF THE DIRECTORS AND SHAREHOLDERS OF THE COMPANY REPRESENTED ON THE BOARD TO ACCEPT THE BID

The members of the Board of Directors of Duro Felguera hold the posts and conditions indicated in the table below and are the holders, as at this date, of shares representing the Company's share capital in the proportions indicated below:

Name	Post	Nature	Total stake in the share capital	
			Shares	%
<b>Mr Ángel Antonio del Valle Suárez</b>	Chairman	Executive	98,809 <sup>6</sup>	0.062
<b>Mr Acacio Faustino Rodríguez García</b>	Director	Independent external	33,704	0.021
<b>Mr Carlos Solchaga Catalán</b>	Director	Independent external	1,000	0.001
<b>Mr Francisco Javier Valero Artola</b>	Director	Independent external	19,377	0.012
<b>Inversiones Somio, S.L.</b> <i>(represented by Mr Juan Gonzalo Álvarez Arrojo)</i>	Director	Representative <i>(at the proposal of Inversiones Somio, S.L.<sup>7</sup>)</i>	See Inversiones el Piles, S.L.	-
<b>Construcciones Obras Integrales Norteñas, S.L.</b> <i>(represented by Ms Marta Aguilera Martínez)</i>	Director	Representative <i>(at the proposal of Residencial Vegasol, S.L.<sup>8</sup>)</i>	996	0.001
<b>Inversiones El Piles, S.L.</b> <i>(represented by Mr Javier Sierra Villa)</i>	Director	Representative <i>(at the proposal of Mr Juan Gonzalo Álvarez Arrojo)</i>	39,039,191 <sup>9</sup>	24.399
<b>Inversiones Río Magdalena, S.L.</b> <i>(represented by Mr Ramiro Arias López)</i>	Director	Representative <i>(at the proposal of Construcciones Termoracama, S.L.<sup>10</sup>)</i>	15,353,716	9.596
<b>Residencial Vegasol,</b>	Director	Representative	11,996,893	7.498

<sup>6</sup> Mr Ángel Antonio del Valle is the holder of 52,913 shares directly, and is attributed 45,896 shares indirectly, through one of his descendants.

<sup>7</sup> Company controlled by Mr Juan Gonzalo Álvarez Arrojo pursuant to the contents of section I.3.d.

<sup>8</sup> Company controlled by Mr José Antonio Aguilera Izquierdo pursuant to the contents of section I.3.d.

<sup>9</sup> Inversiones El Piles, S.L. is the holder of 10,974 shares directly and is attributed 39,028,217 shares indirectly, through one of its wholly owned subsidiaries "Promotora de Inversiones y Estudios, S.L." (10,974 shares) and "Inversiones Somio, S.L." (39,017,243 shares)

<sup>10</sup> Company controlled by Mr Ramiro Arias López, pursuant to the contents of section I.3.d.

<b>S.L.</b> <i>(represented by Mr José Antonio Aguilera Izquierdo)</i>		<i>(at the proposal of Mr José Antonio Aguilera Izquierdo)</i>		
<b>Mr Secundino Felgueroso Fuentes</b>	Non-Director Secretary	–	–	–
<b>Total</b>			<b>66,543,686</b>	<b>41.59</b>

The Directors of Duro Felguera have stated their intention to accept the Bid as indicated below:

Name	Intention to accept the Bid		Number of shares the director intends to sell
	Yes	No	
<b>Mr Ángel Antonio del Valle Suárez</b>		X	
<b>Mr Acacio Faustino Rodríguez García</b>		X	
<b>Mr Carlos Solchaga Catalán</b>		X	
<b>Mr Francisco Javier Valero Artola</b>		X	
<b>Inversiones Somio, S.L.</b> <i>(represented by Mr Juan Gonzalo Álvarez Arrojo)</i>		X	
<b>Construcciones Obras Integrales Norteñas, S.L.</b> <i>(represented by Ms Marta Aguilera Martínez)</i>	X		996
<b>Inversiones El Piles, S.L.</b> <i>(represented by Mr Javier Sierra Villa)</i>		X	
<b>Inversiones Río Magdalena, S.L.</b> <i>(represented by Mr Ramiro Arias López)</i>		X	
<b>Residencial Vegasol, S.L.</b> <i>(represented by Mr José Antonio Aguilera Izquierdo)</i>	X		11,996,893

In addition, Ms Marta Aguilera Martínez, the natural person representing the Director Construcciones Obras Integrales Norteñas, S.L., has stated its intention to accept the Bid, in respect of all the shares owned by it, i.e. 11,253 shares in the Company, representing 0.007% of the share capital.

Finally, the ultimate shareholders and holders of control of the companies that are members of the Board of Directors of the Company have stated their intention to accept the Bid as indicated in the following table:

Shareholder	Intention to accept the Bid		Number of shares he intends to sell (both direct and indirectly through controlled companies)
	Yes	No	
Juan Gonzalo Álvarez Arrojo		X	
José Antonio Aguilera Izquierdo	X		11,997,889
Ramiro Arias López		X	



The Company is not aware of any intentions in relation to the Bid that the other significant shareholders of Duro Felguera who are not represented on the Board of Directors may have at this date.

## **6. SUPPLEMENT TO THIS REPORT**

It is hereby stated that Duro Felguera has complied with the provisions of article 25.2 of RD 1066/2007 and has sent its employees a copy of the Prospectus.

Furthermore, in accordance with the provisions of article 24.2 of RD 1066/2007, in the event that the Board of Directors of Duro Felguera receives, within the term established in the aforesaid article, a favourable opinion from the employees with regard to the repercussions of the Bid on jobs, the aforesaid opinion will be published as a supplement to this report through the same media used for its disclosure.

In Gijón, on 1<sup>st</sup> August 2013

Mr Secundino Felgueroso Fuentes,  
Secretary of the Board of Directors  
of Duro Felguera, S.A.